

Sees Threat to Its Security Peking Gives Moscow Strong Protest Note

PEKING, Jan. 1 — China delivered a formal note yesterday to the Soviet Union demanding that Moscow pull its troops out of Afghanistan and calling the invasion a threat to China's security. The note was among scores from Asian and European governments in response to the dispatch of Soviet troops.

Deputy Foreign Minister Zhang Haifeng summoned Soviet Ambassador L.S. Shcherbakov to protest the Soviet invasion of Afghanistan and its intervention in the internal affairs of that country, the Chinese news agency said. "The Chinese government demands that the Soviet authorities immediately stop their aggression and intervention in Afghanistan and withdraw all their armed forces from that country," the agency quoted him as saying.

"Afghanistan is China's neighbor and therefore the Soviet armed invasion of that country poses a threat to China's security. This cannot but arouse the grave concern of the Chinese people," Mr. Zhang was quoted as saying.

The Chinese news agency said that the incursion was part of a strategy to seize oil-producing areas, control sea-lanes and outflank Europe.

Indian Protest
In New Delhi, the Indian government last night expressed deep concern at what it called the substantial involvement of Soviet troops in Afghanistan and formally asked the Soviet Union to pull its military force from that country.

Indian Prime Minister Charan Singh called Soviet Ambassador Yuri Vorontsov to his official residence late last night and reminded him that the Soviet Union and India had agreed six months ago that "both sides were opposed to any foreign intervention in the internal affairs of Afghanistan."

In Tunis, Habib Chatty, the secretary-general of the Organization of the Islamic Conference, also condemned the Soviet move and urged member nations to act.

Mr. Chatty, a Tunisian diplomat, said today, "The organization cannot remain indifferent when confronted by the armed intervention of a foreign power in a Moslem country. I urge all member na-

tions to do what they can to put an end to foreign presence in a brother country."

He added, "People cannot understand in those countries, which have almost completely friendly relations with the Soviet Union or even close cooperation with the Russians, how Moscow has taken a decision that is contrary to international conventions. . . . The effects on the Soviet Union's relations with these countries are certain to be grave."

Bangladesh Reaction
In an obvious reference to the Soviet Union, Bangladesh called today for an immediate withdrawal of foreign troops from Afghanistan to allow the Afghan people to determine their own political destiny without outside interference or intervention.

Without naming the Soviet Union, the spokesman said the "presence of foreign troops in Afghanistan and their direct involvement in the country's internal affairs poses a serious threat to the peace and stability of the region."

In another veiled reference to the Soviet actions, Romanian President Nicolae Ceausescu called in his New Year's message for the withdrawal of foreign troops from other countries.

Mr. Ceausescu's address, broadcast at midnight on national radio and television, was worded in the same terms that he often has used to detail Romanian foreign policy aims that differ from those of the Soviet Union and other Warsaw Pact nations.

"One must do everything for the systematic reduction of military expenditure, of military effectiveness and armaments; the withdrawal of foreign troops within their national borders, the dismantling of military bases and dissolution of military blocs; and the building of a world without weapons and without wars," he said.

Nepal and Sudan also criticized the Soviet intervention and called for the withdrawal of the troops.

On Saturday, Iran issued a strongly worded note accusing Moscow of intervening militarily in what it called an act of aggression against all Moslem nations.

Soviet Buildup Reported On Afghanistan Border

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wounded in the fighting so far. The U.S. officials said that Soviet casualties were likely but that no reliable reports on their extent had been received.

The Moslem rebels long have been fighting against Afghan regimes, claiming that the Soviet-backed leaders had disrupted centuries of Islamic tradition with Marxist-oriented reforms.

Leaders of two Afghan rebel groups said that a showdown was inevitable between the Afghan military holdouts and the Russians. "All the forces have not surrendered," said a rebel leader. "Some of the forces are resisting."

According to Mr. Auerbach, Afghan rebel sources in New Delhi said that the Soviet presence in the country would serve to unite the contending groups of anti-government Moslem tribesmen. At least five groups are reported to be operating at present.

The Soviet combat force now reported in Afghanistan, while powerful and impressive, is considered far from sufficient to engage a nationwide battle with the rebels who have popular backing and are spread through much of the mountainous countryside.

U.S. officials closely are watching the large-scale forces being mobilized in the Soviet Union. If these units come down across the border and double the size of the Soviet force in Afghanistan, it will be taken as a sign that the Russians have decided to crush the Afghan insurgency regardless of the potential price.

In the fighting between Afghan troops and Soviet forces, the Pakistani newspaper Jang reported that Soviet forces had occupied a military post in Badkhash province near the Chinese-Afghan border after 90 hours of fighting with heavy casualties. The newspaper said that Moslem rebels claimed to have captured another military base at Paktia Seral after a three-day battle in which a brigadier general and nine other Afghan Army officers deserted to the rebel forces.

Soviet troops and Afghan Army forces also fought at Mervit, which had been surrounded by Moslem rebels, Jang reported.

A Western diplomatic source said in New Delhi that there were reports of clashes between Afghan and Soviet troops in the provincial capitals of Kandahar and Jalalabad. There also were reports of resistance in Herat but the source said that the city was soon put under Soviet control.

The Soviet Union has said that it was invited into the country by the government. Tass said today that the "limited Soviet military contingent, instructed to assist exclusively in repelling armed interference from outside, will be fully withdrawn" when there is no longer a need for it.

The buildup of Soviet air forces near the Afghan border was reported to include many fighters and bombers. A smaller number of MiG-23 and MiG-21 fighters has been reported in Afghanistan in recent days along with Mi-24 helicopter gunships and Soviet transport planes.

Strong Quake Rocks Azores
From Agency Dispatches
LISBON, Jan. 1 — A powerful earthquake, measuring 7.0 on the Richter scale, rocked through the mid-Atlantic Azores Islands today, destroying villages, injuring many people, and cutting down communications systems.

Portuguese national television reported that the quake had destroyed houses in at least 60 percent of the villages of Terceira Island and that many children were sent to hospitals on neighboring Sao Jorge Island.

The quake occurred along the eastern edge of the North Atlantic Ridge, a seismically active line stretching north and south in the Atlantic where two great crustal plates are pulling apart.



Soviet troops on guard in a key section of Kabul. They are also in three other major cities.

Debate May Be Postponed

Soviet Move Hurts Senate SALT Chances

By Richard Burt

WASHINGTON, Jan. 1 (NYT) — The Soviet intervention in Afghanistan has dashed any possibility that the Carter administration could win Senate approval for the strategic arms limitation treaty with the Soviet Union early this year, several senators said yesterday.

At the same time, administration officials acknowledged that the Soviet move had badly hurt President Carter's chances for obtaining Senate support for the accord and said that senior aides had begun to discuss the possibility of deferring a debate on the treaty.

In interviews, the senators, many of them supporters of the treaty, expressed strong criticism of Moscow's actions in Afghanistan and predicted that Mr. Carter would suffer a heavy defeat if he went ahead with plans to seek Senate approval for the arms agreement in February or March.

"This whole situation strengthens the case for delaying a vote," said Sen. John Warner, R-Va., one of 19 senators who earlier this month called on the White House to defer action on the treaty until after the presidential election next November.

"If you take the vacillating posture of the Soviets in the hostages situation in Tehran and add to it Moscow's moves in Afghanistan, it becomes clear that it is time for us to reassess our complete relationship with the Soviet Union," Sen. Warner added.

A somewhat similar view was expressed by Sen. Frank Church, D-Idaho, the chairman of the Foreign Relations Committee. In a statement, he said that Moscow's intervention in Afghanistan "makes it more difficult to judge the treaty on its own merits because of the anti-Moslem accusations by this new act of Soviet aggression."

"The debate in the Senate should come at a time when the members can judge the treaty objectively," Sen. Church continued. "Clearly, this is not such a time."

Senate aides stressed that Sen. Robert Byrd, D-W.Va., the majority leader, would have the most important say in determining when the treaty would go to the full Senate for debate. Sen. Byrd has been working closely with the White House on gaining support for the treaty, and until last week, the ma-

jority leader had pushed strongly for beginning the treaty as soon as the Senate returned from its holiday recess on Jan. 22.

In discussions yesterday, administration officials said that the situation in Afghanistan could lead Mr. Carter to ask the Senate to put off a vote on the treaty.

Carter to Seek Approval

WASHINGTON, Jan. 1 (UPI) — President Carter will seek Senate ratification of the SALT-2 treaty

this year despite new obstacles resulting from the Soviet intervention in Afghanistan, a White House aide said today.

"Our position remains the same," he said. "We believe we're better off with a SALT treaty than not. It is not a favor to the Soviet Union, nor is it based on trust."

The aide said, "The president believes the SALT treaty should be ratified and is in the best interests of the country" because nuclear weapons need to be controlled even if U.S.-Soviet relations deteriorate.

NATO Reviews Soviet Ties After Move in Afghanistan

(Continued from Page 1)
sians regard the indivisibility of détente," one NATO ambassador reportedly said today.

Mr. Christopher told the others that the Carter administration is committed to continuing to seek Senate ratification of the SALT treaty, but that its chances of success would undoubtedly be affected by the events in Afghanistan.

One source said the meetings of the allies had produced "a strong sense of solidarity and a feeling that this is a matter of extreme seriousness. There is no sense of seeking to be careful." This appeared to be a significant shift in mood from the perceived hesitancy in some European capitals after the U.S. hostages were taken in Iran.

After today's meeting, NATO Secretary-General Joseph Luns said in a statement that "the armed Soviet aggression in Afghanistan is a flagrant violation of international law and a threat to peace. This is the first time that the Soviet Union has used its military power directly and massively in a country not belonging to the Soviet bloc. More than ever, solidarity and decision among the allies are imperative."

Before flying back to Washington, Mr. Christopher said briefly that he told the allies the "massive land invasion" of Afghanistan had put several Soviet divisions inside the rugged country on its southern border. He said all 15 NATO nations shared with the United States "a deep concern about this strong aggression."

UN Council Sets Deadline For Iran to Free Hostages

(Continued from Page 1)

Apart from the fact that both Zambia and China suggest that they are not committed, sanctions could be blocked by a Soviet veto. But Mr. McHenry said firmly that he doubted that Moscow would do that.

"I would think that any country which is engaged in the rape of another country would be ill-advised to engage in a veto," he said.

Mr. McHenry then was asked whether the United States had made a deal with Moscow to overlook the Soviet move.

Pontiff Warns Of 'Nightmare' Of Nuclear War

VATICAN CITY, Jan. 1 (AP) — Pope John Paul II today warned of the "terrible nightmare" of nuclear war and condemned recent moves to deploy advanced nuclear missiles in Europe.

The pontiff, celebrating the Roman Catholic Church's 13th world day of peace, said that a nuclear war could kill millions, reduce cities and villages to "a pile of rubble," and expose man to "great unknown perils" like genetic mutations.

"War is always made to kill, it's against humanity. . . . The people around the world must be told of the terrible nightmare a nuclear war can bring," he told an audience of 20,000 faithful and dignitaries attending the New Year's Mass at St. Peter's Basilica.

Giscard Sees Danger of War
PARIS, Jan. 1 (UPI) — In a New Year's TV address, French President Valéry Giscard d'Estaing warned his countrymen yesterday that the world is threatened with a new war.

look Soviet moves in Afghanistan in return for a Soviet pledge not to veto moves against Iran. He replied: "We have made no secret. . . . Then he broke off and said curtly: 'That's an obscene suggestion.'"

The Soviet ambassador to the U.N., Oleg Troyanovsky, said that he supported the call for the hostages' release but insisted that the affair was not a threat to the peace and merely a dispute between Iran and the United States. Therefore, he argued, sanctions are inappropriate since they can only be brought under a chapter of the U.N. charter dealing with threats to peace.

Mr. McHenry said: "This is the same kind of straddle-the-fence approach that the Soviet Union has taken on this issue from the beginning." He said that he hoped Iran "would see [this council] action as a warning" and as "further isolation from the international community."

He said that the United States and its allies, Iran's principal suppliers, were working on the details of a trade embargo. Senior U.S. officials have already said that it would be limited to goods that Iran buys, excluding food and medicine. There would be no attempt to cut off Iran's sale of oil or any other Iranian export.

Ghobadish Comments
TEHRAN, Jan. 1 (Reuters) — Foreign Minister Sadeq Ghobadish of Iran said today that the United States had failed to achieve its objectives in the Security Council resolution.

He said that several states that voted for the resolution made clear to Iran that they would not necessarily vote for sanctions if that question arises next week. "Therefore that means that the United States actually did not get what it wanted," he said.

800,000 Visited China
PEKING, Jan. 1 (Reuters) — More than 800,000 tourists visited China last year, 30 percent more than the preceding year, the Chinese news agency reported yesterday.

Strain in U.S.-Soviet Relations Could Be Worst Since Cold War

By Bernard Gwertzman

WASHINGTON, Jan. 1 (NYT) — Moscow's decision to intervene militarily in Afghanistan has deeply angered the Carter administration and seems likely to send U.S.-Soviet relations into a period of bitter recriminations more reminiscent of the Cold War years of the 1950s than of the détente years of the 1970s.

In addition to the sharp dispute between the two governments, an extraordinary personal element has been added to the crisis. President Carter, whose administration had resisted pressures to engage in anti-Soviet rhetoric or actions, said last night that his own perception of Soviet actions had been altered drastically by the Soviet actions and by what he called President Leonid Brezhnev's misleading response to his personal message last Friday.

Not since the U-2 crisis of 1960 have the heads of the two states become so personally involved. And this means that as the new decade begins there is a strong possibility that the two countries are about to enter into a major freeze in relations that could last well into this year. Some experts believe that relations may not be normalized again until after next November's elections.

For a president who has been accused by his critics of being too soft toward the Russians and who faces a re-election campaign in which foreign affairs seem likely to play an increasingly large part, his comments in a televised interview last night are all the more telling. He said that his view of the Soviet Union had changed more in one week than in his previous time in office.

Recent Strains

The events in Afghanistan did not occur in a vacuum, however. Ties between Moscow and Washington had undergone severe strains in recent months despite the successful conclusion of the strategic arms limitation treaty and the Carter-Brezhnev summit meeting in Vienna. The treaty now seems to be the first and most obvious victim of the deterioration in relations.

Even before the dispatch of the Soviet combat troops to Afghanistan, relations seemed to be going nowhere but down for a number of reasons. Neither side seemed to pay much attention to the political necessities of the other. Washington recognized Peking gave it economic concessions ahead of Moscow and made human rights an issue inside the Soviet Union. The Russians seemed oblivious to U.S. concerns about Cuban troops in Africa and other regional issues.

Marshall Shulman, the State Department's senior Soviet adviser and the administration's leading voice for moderation in relations with the Russians, had signaled the direction in which events were going when he told a congressional committee on Oct. 16 that the superpowers were at loggerheads on almost every issue and that these differences were unlikely to be reconciled in the near future.

When asked to look ahead by the committee chairman, Mr. Shulman responded gloomily: "It's going to be a difficult year."

The latest developments, occurring at the beginning of the presidential campaign and when the United States was preoccupied with the hostage crisis with Iran, have produced an outburst of anger that mirrored similar reactions in the election years of 1956 when the Russians crushed the Hungarian revolt and of 1968 when they led the takeover of Prague.

Other experts compare the current chill with another election year, 1960, when President Dwight Eisenhower's summit with Khrushchev was canceled after the shooting down of an American U-2 plane and when relations worsened with the shooting down of an RB-47 reconnaissance plane. "Not until John Kennedy assumed office the next January did another period of normalcy begin, only to be set back by the Cuban Bay of Pigs miscalculation and the Berlin Wall crisis that summer."

The mood then and now was aggravated by the frustration in Washington at being unable to respond militarily to the Soviet use of force in countries along its borders. Neither President Eisenhower in 1956, President Kennedy in 1961 nor President Lyndon Johnson in 1968 could risk a military confrontation with the Soviet Union over countries that were in effect within the Soviet sphere of influence.

The Soviet decision to move several divisions of troops into Afghanistan was believed here to be based on the same kind of considerations that led to the Soviet moves into Hungary and Czechoslovakia and to the creation of the wall in East Berlin — a determination not to permit a pro-Soviet Marxist republic to be toppled by insurrection and chaos.

Central Asia

The particular reasons for the intervention were probably additionally compelling to the Kremlin because of a concern that, if a conservative Islamic state emerged in Afghanistan — possibly linked to the fundamentalists in Iran and Pakistan — the situation in Soviet Central Asia, where most of its 50 million Moslems live, might be dangerous for Moscow.

In Washington, there was considerable speculation by administration supporters and critics on whether the action in Afghanistan was linked in any way to Moscow's view of the United States. In other words, did the Kremlin calculate that by intervening in Afghanistan it would cause problems for itself with Washington?

Ambassador Anatoli Dobrynin, who first arrived in Washington on March 30, 1962, at a time of a serious crisis in relations, left for consultations in Moscow in advance of the latest crisis, more than three weeks ago, after two lengthy sessions with Secretary of State Cyrus Vance in which they discussed Soviet-U.S. relations at length.

U.S. officials at that time felt that an important review was going on in the Kremlin on overall ties between the two countries.

Cameraman for Time Detained in Kabul
NEW DEHLY, Jan. 1 (Reuters) — Hubert van Es, a free-lance photographer on assignment for Time magazine, has been detained in Kabul, the capital of Afghanistan, a Time spokesman said here today.

Mr. van Es, who is based in Hong Kong, was detained by authorities when he refused to board an Indian Airlines flight along with other Western newsmen who were expelled from Afghanistan on Sunday, the spokesman said.

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U.S. Officials at Time Detained in Kabul
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cause Mr. Dobrynin wanted to know the answers such questions as how strongly the administration would push for Senate passage of the strategic treaty in an election year; whether the United States would intervene militarily to free the hostages; and what the outlook was for détente in general and the chances were in particular for an improved Soviet-U.S. relations.

Giving Advice

Clearly, Mr. Dobrynin, a full member of the Communist Party Central Committee, was needed in Moscow to give advice on how the intervention would affect relations with the United States.

The estimate now, in hindsight, is that the Kremlin decided that its relations with Washington were poor anyway that the reaction in Washington, which could be anticipated as sharply negative, could stand in the way of the intervention in Afghanistan which clearly was being put into its final stages at the time.

The Kremlin Politburo had to believe that, because of the problems facing Senate passage of the treaty, there was little chance of its being put into effect this year. Moreover, it had to note the generally poor state of Soviet prestige in the United States, the loss of Moscow to win any trade concessions here, the scaffolding at Mr. Brezhnev's appeal for holding on a decision to go ahead with the new theater of forces in Europe.

In Moscow, there seemed an equal lack of interest helping out Mr. Carter in his efforts to push the strategic arms treaty. To some experts, the Cuban issue of September was an important barometer of Soviet thinking.

What happened then was that the administration tested the presence of about 2,500 Soviet troops seemed to form some kind of combat brigade. Russians were asked to take some concrete action, make a statement that would ease U.S. concerns, stand, they let Mr. Carter handle the crisis without public recognition of his problem with hard-line members of the Senate.

If the Kremlin was so unforthcoming about an issue so close to the United States, would it be more about an area on the Soviet borders, thousands of miles from the United States?

For Washington the problem of how to respond was aggravated by the lack of very attractive options. There is no chance that the United States will get military support of the Afghan insurgents. Mr. Carter has signed the U.S. security pact with Pakistan, but State Department officials seriously believe that Iran is in danger of invasion by the Soviet Union.

In 1968, President Johnson, unable to do anything militarily about the moves into Czechoslovakia, warned the Russians not to invade Romania. That year, the warnings were empty because there was no real threat.

World Pressure
The administration's instinctive response was to bring worldwide pressure on the Russians by using both Western and Moslem countries to complain. There have been statements of concern from virtually every capital but no signs of any desire to get involved in Afghanistan.

The United States and its allies probably will seek UN Security Council debate on the intervention, thereby forcing the Russians to defend themselves in the glare of publicity and to use their veto. The West went to the United Nations during the Hungarian and Czechoslovak crises but no action was really possible.

This probably means in the end that the United States will have to react to the Soviet moves in its own way. At the minimum, this means that the arms limitation treaty is dead for the moment. Whether it is buried by the administration or by the Senate is still to be decided.

It means that steps probably will be taken to back trade with the Soviet Union to nonessential, the most important element in the commerce now is the large-scale sale of U.S. grains. Mr. Carter in the past has resisted angering farmers by curtailing their exports which would have the effect of depressing their price but now he might be tempted.

The chances of the Soviet Union receiving any sophisticated technology will be more remote than a year ago. Likewise, it is doubtful whether high-profile cultural or other exchanges will be permitted.

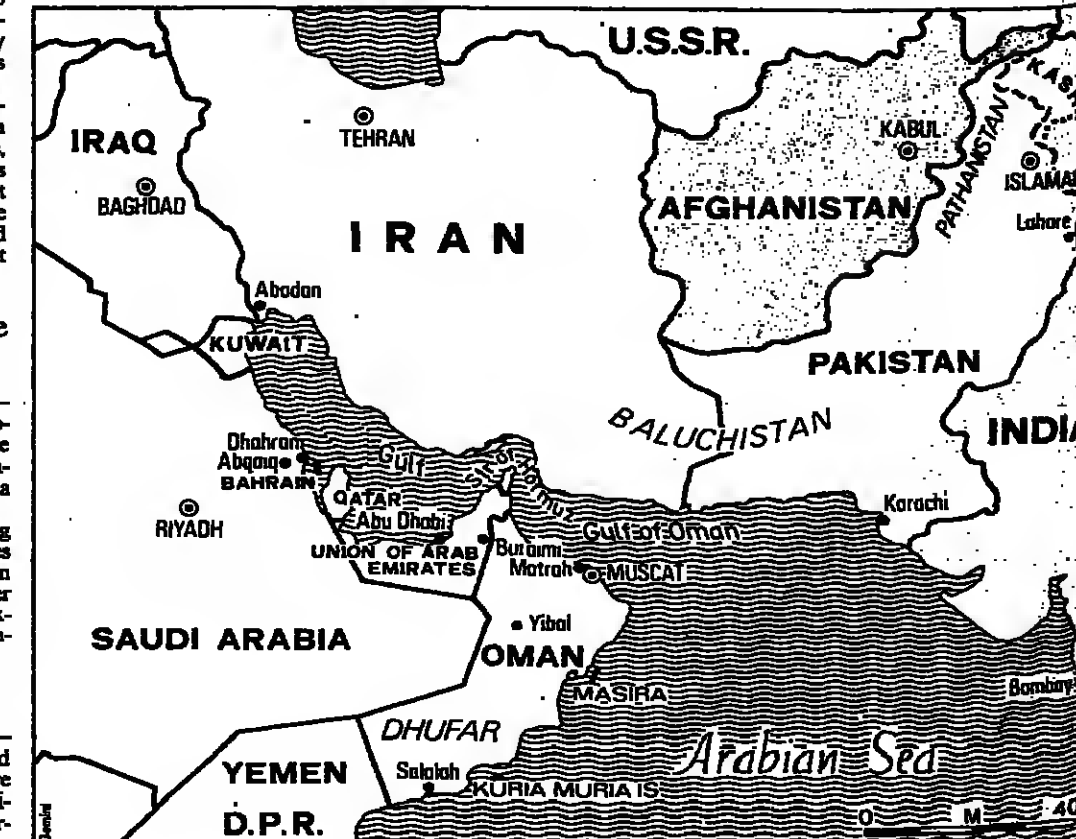
There are other options, such as trying to curb participation or attendance at the Moscow Olympic Games. But these and other options still have to be reviewed within the administration.

In addition, the United States may decide to more open in its friendship with China. Defense Secretary Harold Brown is going to Peking on a long-planned trip at the end of this week, and the administration will be tempted to offer the Chinese the kind of technology that it probably will deny the Russians and to coordinate their foreign policy moves more closely.

The U.S. administration also may increase its propaganda war with the Russians, a throwback to the Cold War. Already, the State Department is more frantically intelligence information about the involvement in Afghanistan than it has been about Soviet actions in recent past.

But beyond the specific steps, the latest developments seem to have produced a sharp sense of personal disenchantment with the Russians within the administration.

Last night Mr. Carter said, "What we will do about it I cannot say, but to repeat myself, this action on the part of the Soviet Union has made a more dramatic change in my opinion of what the Soviet's ultimate goals are than anything they've done in the previous time I've been in office."



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U.K. Firms Do Same

Japan Approves \$30 Price
Cold Iranian Oil Discussions

YO, Jan. 1 (WP) — Japan agreed to negotiate for Iranian oil at a price of \$30 a barrel, the highest price it has ever agreed to pay for Iranian oil, according to a Japanese official.

Meanwhile, some OPEC countries, including Algeria, were reported to be raising prices well above \$30 while others, such as Iraq and Saudi Arabia, were keeping prices below that level. Libya, however, said last week that it would raise its oil price to \$30, effective today, and reports that Mexico, an OPEC member, did so as well.

Japanese government sources indicated that Japan had stuck by its position with the United States on Iranian oil until it learned yesterday that the British companies had decided to pay \$30. They said the firms as British Petroleum and Shell.

U.S. officials, hoping to hold down the prices paid for Iranian oil as part of their pressure on that country during the hostage crisis, were described as displeased with the reported negotiations in Tehran. But it was not clear whether they would regard it as a price breakthrough large enough to merit a protest to Britain and Japan.

The U.S. officials agreed that, on the basis of reports from Tehran, the Japanese had kept a promise not to buy Iranian oil at higher-than-normal prices until the British oil companies agreed first to negotiate for oil at \$30 a barrel.

As part of its international pressure campaign, the United States has asked allied countries not to weaken its own embargo of Iranian oil by contracting for purchases at unusually high prices.

Japan was strongly criticized by the United States after some of its companies bought Iranian oil last month on the European spot market for up to \$44 a barrel. Since then, however, Japan's position has been to support the U.S. pressures, thereby endangering its own prospects of purchasing large quantities of Iranian oil this year. It has promised to support the U.S. stand as long as European countries do so also.

On Saturday, the Ministry of International Trade and Industry advised Japanese oil company representatives to be prudent in negotiating with Iran for anything above \$28.50, the price fixed by Iran after the meeting of the Organization of Petroleum Exporting Countries last month in Caracas.

But early yesterday, the ministry, citing reports on the two British companies, advised Japanese negotiators that it would sanction purchases at around \$30 a barrel. U.S. officials were promptly notified in an apparent effort by the Japanese government to avert new criticism from Washington.

A Japanese official said today that word of the British firms' negotiations had been received from authoritative sources in the British government.

El Salvador's Cabinet Says Armed Forces Aid Wealthy

SAN SALVADOR, Jan. 1 (UPI) — The Cabinet has accused the armed forces of defending the wealthy and vowed to resign unless the ruling junta grants control of the military.

The 35 young and generally progressive armed forces officers who toppled rightist President Carlos Romero in an Oct. 15 coup promised the Cabinet members a response by tomorrow.

In a communique issued Sunday, 22 Cabinet ministers charged rightist officers with refusing to obey the moderate civilian-military junta that nominally rules El Salvador.

The statement accused the Defense Ministry of ordering a string of army attacks in the last two weeks that killed nearly 40 leftist occupying farms and factories to press for higher wages.

The Cabinet ministers demanded that the armed forces proclaim "the landed oligarchy and its allies as the enemy of the process of change and that the junta effectively assume command of the armed forces."

The communique highlighted the explosive problems faced by the young officers and the junta, which promised widespread reforms to ease El Salvador's poverty and pacify the leftist militants who had grown powerful fighting Mr. Romero's regime.

Outpost Attacked

El Salvador has been rife with unconfirmed reports of an impending counter-coup by rightist military officers and wealthy landowners and businessmen who charge the young officers and the five-man junta are too far to the left.

In other incidents, two soldiers were killed yesterday in a guerrilla attack and a Salvadoran newspaper published letters from a kidnapped ambassador being held by another guerrillas organization.

The two soldiers were killed and a third was critically injured when about 50 members of the Armed Forces of National Resistance attacked a National Guard outpost at Izalco, about 50 miles east of San Salvador.

Another guerrilla organization, the Popular Liberation Forces, released two short letters from the South Africa's ambassador in El Salvador, Archibald Dunn, who was kidnapped Nov. 28.

The letters from Mr. Dunn to his wife and a friend of the family were published yesterday in a San Salvador newspaper. The one to his wife stated that "God willing, everything will succeed." In the other letter, Mr. Dunn asked his friend to arrange business affairs.

New Air Facility

Opens in Peking

PEKING, Jan. 1 (AP) — Peking's new \$32-million air terminal opened officially today with a Chinese Boeing 707 flight to Tokyo.

The new terminal building is designed to handle 1,500 passengers an hour, compared with 4,000 a day for the old terminal built in 1958. Modern luggage handling systems replace the old system of sending bags in by truck from arriving planes and dumping them in a central lounge.

The facility has two satellites, each of which has eight boarding gates, although only four now are in use. One side is for international and the other for domestic flights. The building has two restaurants, a post office, a bank and shops. A 300-bed hotel is available for passengers in transit.

Peking Paper Says Getting Rich Is Now an Accepted Socialist Goal

PEKING, Jan. 1 (AP) — It is time for China to revive the old new year's greeting of "Kunghsi Fatsai" — congratulations and get rich — discarding the idea that rich is evil, China's leading newspaper said today.

In the "old society," the People's Daily said in a commentary, the idea of getting rich could not be divorced from the idea of exploiting workers and peasants, and the saying died out with the Communist takeover in 1949.

Then, it said, the Communist Party's radicals pushed the idea of the glory of poverty and shame of wealth, ignoring China's aim of overcoming its poverty. "The getting rich we are talking about is an increase in Socialist material wealth, gradually enriching the living standards of the masses," it said.

And to help the society get rich, it added, living standards should improve faster for those who make bigger contributions to improving the collective wealth.

Another article in the paper reported that some people still fear showing any sign of relative wealth, and that local officials are not signaling clearly enough that getting richer in return for hard work is all right now.

"If we don't eliminate this 'fear,' it will be hard to bring more dynamic economic activity to the rural villages," it said.



HIGH FORM OF PROTEST — Four French conscientious objectors dangle Sunday from mountaineering gear tied to the second floor of the Eiffel Tower — 380 feet up — in a protest seeking the release of eight of their comrades arrested for resisting the draft. Two of the objectors came down later that day and the two others ended their protest Monday, after nearly 24 hours. They were taken to a police station for verification of identity and released.

Spending Hour a Day on Calls

Carter Phoning Democrats in Election Bid

By Steven R. Weisman

WASHINGTON, Jan. 1 (NYT) — President Carter, who took himself out of the candidates' debate in Iowa to avoid engaging in partisan politics, is spending an hour a day calling around the country to line up support for his re-election campaign.

White House officials said yesterday that Mr. Carter makes an average of 20 calls a day, although over the Christmas holidays he made many more than that from his retreat at Camp David, Md. The calls last a few minutes or less, the officials said.

One White House assistant said that, on the average, Mr. Carter spends an hour or two a day on the calls. He said that Mr. Carter has spent more time making the calls during weekends than on weekdays.

Campaign Issue

The calls have become an issue in the presidential campaign now that Mr. Carter has withdrawn from the Iowa debate, saying he needed to devote his time to the crises in Iran and Afghanistan.

Aides to the president say Mr. Carter felt he could not seek broad bipartisan support for his foreign policies if he engaged in a partisan debate with his Democratic Party opponents. The debate, scheduled for Jan. 7 in Des Moines, was to be sponsored by the Des Moines Register Tribune.

Although White House spokesmen assert that Mr. Carter's political advisers had advised against canceling his debate appearance, many politicians in Washington say Mr. Carter would benefit politically from the cancellation. They reason that a debate would simply have given Mr. Carter's rivals an opportunity to dampen what most experts say is a tide of popularity in the president's favor.

Supporters of Mr. Carter's rivals — Sen. Edward Kennedy of Massachusetts and Gov. Edmund Brown Jr. of California — accused Mr. Carter of hypocrisy in withdrawing from the debate.

White House officials claimed yesterday that there was no inconsistency between the calls and Mr. Carter's posture toward the debate. "I don't think anyone would deny that there's a re-election campaign going on," said one official. "The telephone calls are one of the few things the president can do for his campaign without assuming a public posture of campaigning, which would be counter to his policy of bipartisanship."

Consat, as the company is known informally, would be the dominant partner in the new venture, the sources said, but Sears would help finance it and deliver and install the receiving antennas and other pieces of equipment that each subscriber's house would require.

Officials of neither company were available for comment yesterday.

Antenna, Decoding Machine

Consat officials have said that they may be able to equip a house with the antenna, decoding machine and other accessories for little more than \$200 or \$300.

A subscriber would also pay a monthly service fee of \$15 to \$20 and would receive several channels of programs, films, sports events and other material not available over regular commercial stations.

The service, if approved by the Federal Communications Commission could become a rival for the

seeking nonpartisan support for his Persian Gulf policies."

White House aides said Mr. Carter charges all the calls — even if they relate to both political and nonpolitical matters — to the Carter-Mondale Presidential Committee. They said he used a credit card number held by the campaign organization.

The White House declined a request to make public a list of those called, a breakdown of the cost or a precise number of those called in recent weeks.

It has been known for some time that Mr. Carter has been making the calls to people all over the country simply because they are not kept secret by the recipients, particularly in Iowa, Iowa officials have received more calls than people from any other state, according to White House officials. The campaign committee has set up a special Iowa desk to coordinate the calls so that Mr. Carter can line up support for the state Democratic Party caucus next Jan. 21, the first phase of the selection process for delegates from the state to the Democratic national convention next summer.

New Debate Proposed

WASHINGTON, Jan. 1 (AP) — The Des Moines Register Tribune yesterday proposed a new debate of the Democratic candidates, but Mr. Carter declined to take part, again citing the Iran crisis.

The Register proposed that a debate be held in Washington on Jan. 17 and, if the American hostages were still held in Tehran, that the subject of Iran be off limits.

With Sears, Roebuck as Partner

Comsat Said to Plan Satellite-Home TV

By Ernest Holsendolph

WASHINGTON, Jan. 1 (NYT) — The Communications Satellite Corp., is negotiating with Sears, Roebuck and Co., the nation's largest national retailer, to be its partner in developing the nation's first direct satellite-to-home television broadcasting system, according to communications industry sources here.

Consat, as the company is known informally, would be the dominant partner in the new venture, the sources said, but Sears would help finance it and deliver and install the receiving antennas and other pieces of equipment that each subscriber's house would require.

Officials of neither company were available for comment yesterday.

Antenna, Decoding Machine

Consat officials have said that they may be able to equip a house with the antenna, decoding machine and other accessories for little more than \$200 or \$300.

A subscriber would also pay a monthly service fee of \$15 to \$20 and would receive several channels of programs, films, sports events and other material not available over regular commercial stations.

The service, if approved by the Federal Communications Commission could become a rival for the

broadcast networks and cable television systems.

Consat started the television industry earlier last year when it announced its intention to offer in the next several years direct satellite service as an alternate program source for subscribers.

The company, which is best known for its satellite launching capability and its operation of satellites that provide overseas telegraph and telephone links to domestic communications companies, expects to file its formal application with the Federal Communications Commission for the home service in the next two or three months.

Consat's involvement of Sears would help shoulder the estimated \$1-billion cost of system development, construction of equipment, and launching of the satellites needed to provide the service.

In addition, the familiar name of Sears and the company's broad marketing ability would also be available to Consat.

Philippines Confirms Crash of 3 Lost Jets

MANILA, Jan. 1 (UPI) — Philippine authorities today confirmed that three Singapore Air Force jets missing for 14 days crashed near the top of a 3,600-foot high, cloud-covered mountain.

A Philippine helicopter flew over the crash site on Mt. Demahway 95 miles northeast of Manila but could not get close enough to see if there were any survivors, according to a Philippine Air Force spokesman.

The three Skyhawk jet fighters disappeared Dec. 19 after taking off on a training flight from U.S. Clark Air Force base, 50 miles north of Manila.

The bill the president signed yesterday authorized \$138 million for fusion research, \$278 million for naval reactors, \$1.7 billion for atomic weapons development and \$291 million for defense waste management.

Only \$36 million was earmarked for Carlsbad, although the pilot project became the hottest issue in the bill during deliberations on compromise language.

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Wife, Brother Forced to Sign Statements

Kin of Park Killer Said Tortured

By Richard Halloran

WASHINGTON, Jan. 1 (NYT) — The wife and brother of Kim Jae Kyu, the convicted assassin of President Park Chung Hee of South Korea, have been arrested, tortured and compelled to sign false statements against him, according to a cousin of Kim in the United States.

The cousin, Doug Kim, recently visited Seoul, where he said he learned of the torture and forced signatures from members of Kim's family.

Doug Kim, who is a U.S. citizen, also said that two younger brothers of Kim Jae Kyu's wife had been detained and tortured. He said he could not determine whether they had signed false statements.

In addition, Doug Kim said, a senior official of the army prison in which Kim Jae Kyu, a former director of the Korean Central Intelligence Agency, is being held has threatened to have three generations of the Kim family killed if they attempt to help him.

Death Sentence

A spokesman for the South Korean Embassy here said he could make no comment at this time but would refer the allegations to Seoul.

The motive behind the torture and false statements, Doug Kim said, appeared to be an attempt to discredit Kim Jae Kyu politically. He was sentenced to death on Dec. 20 for shooting Park during a private dinner meeting on Oct. 26.

News dispatches from Seoul have said that Kim Jae Kyu was considered a hero and patriot by some students, dissidents and other critics of Park's authoritarian rule. He was known to have disagreed with Park's policies for the last eight years and to have urged a lessening of the repression.

Doug Kim said he had decided to speak out, despite warnings from South Korean authorities to remain silent, to try to ease the pressures on his family in Seoul. He said that members of his family in the United States planned to ask the State Department on Monday to try to persuade South Korean authorities to respect the human rights of Kim Jae Kyu's family.

The account of the alleged arrest and torture given by Doug Kim was obtained from relatives of Kim Jae Kyu in Korea and in a visit with the latter's wife. The main points follow:

Shortly after Kim Jae Kyu shot Park, the wife of the former intelligence agency chief, Kim Young Hee, his brother, Kim Hang Kyu, and his wife's two younger brothers, Kim Tong Hee and Kim Sang Hee, were arrested. Kim is Korea's most common name but the two families are separate.

Could Hear Screams

The four were taken to the army security command's headquarters where they were put into separate rooms but close enough so that, later, each could hear the screams of the others. Mrs. Kim was ordered to change into an army uniform but

refused. Soldiers then tore off her clothes and forced her into the uniform.

Mrs. Kim was then beaten, had electric shocks applied to her and was forced to stay awake under a strong light shining into her eyes. Finally, she was compelled to sign a statement that relatives later said was false.

The statement said that Kim Jae Kyu had taken money from government funds to enrich himself and that he had hidden that money abroad with his wife's help.

The document also said that Kim Jae Kyu had planned the assassination of Park so that he could succeed the president. It further asserted that some army generals were involved in the plot. Finally, the statement said that Mrs. Kim forfeited all of her property, savings and assets, which are currently frozen, to the Korean government.

Kim Jae Kyu's brother, Kim Hang Kyu, received the same treatment. Family members said they had seen bruises and scars on his legs where he had been beaten. The brother disappeared for a month after that but is currently under house arrest.

The statement he signed was similar to that of Mrs. Kim, admitting that as a businessman he had helped Kim Jae Kyu spirit money out of Korea illegally. He also forfeited his assets to the government.

Israelis Disappointed

Carter Sets Only Small Rise In Aid Package for Tel Aviv

TEL AVIV, Jan. 1 (AP) — The Carter administration announced yesterday that it would recommend an aid package for Israel next year including only a small increase, and Israeli officials today expressed disappointment with the decision.

The U.S. administration said that it would recommend an aid package for the fiscal year beginning next October including \$1 billion in military aid, \$785 million in economic aid and a \$200-million loan at 9-percent interest.

The Israeli officials, while careful not to appear ungrateful for the aid, predicted cuts in defense spending and continued economic austerity. Israel had been hoping for a significant increase in U.S. economic and military assistance. Defense Minister Ezer Weizman in Washington had raised expectations that aid would be increased.

Israel, which is receiving \$1.785 billion in aid this fiscal year, requested nearly double that amount but had realistically figured on an aid package between \$2.2 billion and \$2.6 billion. Instead, Mr. Carter renewed the current aid and added the \$200-million loan.

Continued Austerity

"This is what is in our hands," said Israeli Finance Minister Yigal Hurvitz. "We will have to make due with it and not climb the walls."

Mr. Hurvitz, who is instituting large cutbacks in government spending, warned Israelis of continued austerity and said that the nation would have to respond with higher productivity and less consumption and imports.

Foreign Ministry officials here refrained from commenting publicly on the U.S. decision, saying only that a message of appreciation would be sent to Washington. But other sources expressed disappointment. The Jerusalem Post quoted an unnamed Cabinet minister as saying, "Israel's efforts for the sake of Middle East peace should have

been rated higher, especially at such a time of upheaval in this part of the world."

Moshe Arens, the chairman of the Knesset's foreign affairs committee, said that he regretted that Israel had little ability to pressure Washington into helping Israel meet the costs of the peace treaty with Egypt because it already had signed the pact.

Economists predicted that Israel's recession would be deepened because the government would be forced to cut more expenditures and further devalue the Israeli pound against foreign currency.

Defense Cuts

Israeli newspapers reported deep concern in the defense establishment over the aid level, which officials predicted would force cuts in local production of planes, missiles and ammunition.

Israel has received about \$1.8 billion in U.S. aid annually for the last three years. The figures do not include a \$3-billion aid package — \$800 million in grants and the rest in loans — awarded to Israel last year to help finance the withdrawal from the Sinai Desert under the peace treaty.

U.S. Said to Plan To Bolster Base

WASHINGTON, Jan. 1 (UPI) — The Pentagon plans to spend at least \$173 million to bolster naval facilities on Diego Garcia in the Indian Ocean. It was reported yesterday.

The British-owned island, 1,200 miles south of India, is considered vital to U.S. interests in the ocean.

The Copley News Service reported that the move was in response to a study by the joint chiefs of staff prompted by such developments as the overthrow of the Shah of Iran, the taking of hostages at the U.S. Embassy in Tehran, fighting between Marxist South Yemen and Yemen and the presence of Soviet troops in Afghanistan.



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Millions of Americans Find Vast, But Small Changes With New Year

WASHINGTON, Jan. 1 (WP) — As relentlessly as the clock ticked in the new year, the bell of change tolled for millions of Americans. Starting today, it will be seen in liquor bottles and federal paperwork, wages and savings, and size of the population.

Here's a sampling: Growing Paper — Governmentwide, the bureaucracy shifts from 8 1/2 by 10-inch to 7 1/2 by 11-inch paper. The idea is to get more typed words on a page.

Shrinking Bottles — A "fifth" of liquor becomes a 750 milliliter bottle as labeling regulations require metric measurement in distilled spirits. A half-pint shrinks by 1.2 ounces, to 6.8 ounces or 200 milliliters.

Rising Wages — Federal minimum wage rises to \$3.10 an hour from \$2.90, or a 6.9-percent increase for 5 million dishwashers, waitresses, messengers, retail store clerks, maids, laborers and others in low-paid jobs.

Expanding Population — Dawn was supposed to break on 221,895,548 persons in the United States today, according to the Census Bureau, a population 2 million more than at the start of last year.

Attracting Savings — Two-and-a-half-year certificates of deposit are on sale and most financial institutions are expected to offer them. To be sold in denominations as low as \$100, the CDs will enable "small savers" to get more than 10 percent interest on their money.

One change, free to all, has come and gone. The last day of 1979 was one second longer than the 24-hour day, so that the National Bureau of Standards' atomic clocks would keep correct solar time.

What Price Detente?

Things had come to a head in Kabul. It was not clear that President Hafizullah Amin would follow Soviet instructions. And increasingly it appeared that he would be overthrown by Moslem rebels. So the Russians did what comes naturally. After calculating the risks they invaded Afghanistan to insure that it remained their satellite. From the Soviet Union's perspective, it seems, a delay in the passage of Salt-2, a lapse in detente, even a temporary return to the Cold War, were less important than dominating its small but strategically placed neighbor.

A look at a map of the area and a passing knowledge of recent history are adequate to explain why. Afghanistan sits on the southern border of an oil-rich and Moslem-populated Soviet region. For the Russians, Afghanistan represents a buffer to protect its own energy supplies against potential invaders and its Moslems against the resurgence of Islamic fundamentalism sweeping much of the Middle East. Also, the only thing between Afghanistan and the Gulf, from whence comes most of OPEC's oil, are the independence-minded Baluchi provinces of Iran and Pakistan. A deep-water port on the coast of an "independent" Baluchistan would allow the ever-expanding Soviet navy to threaten the Straits of Hormuz, the narrow neck of the Gulf through which much of the West's oil must pass. It would also allow Soviet ships easy access to the Indian Ocean, which would provide substantial strategic advantages in the Middle East and the Far East.

If more arguments are needed, consider the Soviet pincer that has been formed around the once respectable "northern tier" of Western defense, Iran and Turkey. The Soviet Union is now well-established in South Yemen and Ethiopia to the south and Afghanistan to the east. In between lies the Gulf and the entire Arabian peninsula. Furthermore, Moscow has issued a warning that the Soviet Union can and will project its power, at least along its borders, with its own troops — no surrogate Cubans for this war. The United States is no doubt expected to weigh that in the balance before it risks military action in Iran.

So much for the Soviet perspective. The

proper takeoff point for analysis in the United States and Europe is Western interest. How has it been damaged by the Soviet takeover in Kabul and what is the appropriate response? Since the United States cannot be expected to invade Afghanistan and throw the Russians out, what hope is there of undoing the Kremlin's farewell to the '70s?

One thing that will not work, it should be obvious, is impotent rage backed by empty threats. Whatever the Carter administration plans as a response aimed at achieving a Soviet pullout — and it must come quickly — should be well thought out and amenable to implementation, unlike the fiasco over the Soviet brigade in Cuba.

Since the Russians appear to have written off the SALT-2 treaty for the time being, its withdrawal from consideration does not represent a credible threat. There are, however, a series of actions the United States could take, some in concert with its European allies, some with China, that might have an effect. These include a cutoff of wheat shipments to the grain-poor Russians, a sharp curtailment on trade in general and technology transfer in particular, a new and tougher statement of purpose on basing Cruise and Pershing-2 missiles in Europe, defense consultations with China raising the possibility of arms sales, a threat to boycott the Moscow Olympics this summer and arms and other aid for the rebels trying to overthrow Kabul's Moscow-installed government.

No hostages' lives are at stake in Afghanistan, so there is no need to build pressure slowly. If the Soviet Union continues to probe and find mush, it will continue to probe. Failure to produce the neutron bomb and the B-1 bomber, the Carter administration's backing down on the brigade in Cuba and U.S. failure to meet Soviet challenges in Africa have all contributed to a Soviet perception that the United States is soft and can be pushed around. Tough action is needed this time. It will surely damage, if not destroy, detente, but what price detente?

INTERNATIONAL HERALD TRIBUNE.

When Oil and Gold Mix

The latest wild leap in gold prices is great news if you happen to be a speculator with several bars buried away in a bank vault or in your back yard. It will be heartwarming for South Africa and the Soviet Union, the major gold-producing countries. For everyone else it is a nuisance, an irritant, and perhaps worse.

Traditionally, the fluctuations of gold prices had little more than what the financial crowd calls psychological significance. They were an indication of the state of the financial crowd's nerves, but they had little impact on the way the world's real economies worked.

But at its present level and rate of rise, the price of gold is not only a reflection of a certain kind of speculation, but also a positive inducement to continue it. The sight of people getting rich off nothing but a few phone calls inevitably draws more people into the game. Gold is merely the most visible and countable commodity in a vast and soaring market in nonproductive speculative assets — paintings, antiques, jewels and a great variety of metals. A large amount of the world's loose wealth is now going into that market. When speculative money goes into the other kind of assets — tools, business expansion, new construction — it generates jobs, higher productivity, better living standards and good things like that. But the ounce of gold that sold last week for \$516 is no more useful than it was a decade ago when it went for \$35 — and, like most gold, it is sitting in a safe deposit box, it is not useful at all.

There is also the ominous historical point

that this kind of speculative binge has generally ended badly. Often in the past these surges have crested without warning and suddenly collapsed. When a price collapses, the speculators' wealth is not merely transferred to someone else to spend. It simply vanishes. That is the first phase of the classic financial panic, which can then easily translate itself into real economic distress for all sorts of people who never had anything to do with the original speculation. Theoretically, the world's present system of money and credit has been buttressed against that kind of shock. But whether the protection suffices cannot be known until it is actually tested.

It is obvious that the gold price is being driven upward by people, mostly from the Gulf, with very large amounts of oil money to invest — or to hide. But perhaps there is a further — and tighter — relation emerging between oil and gold. Hints have appeared in recent months that some of the sellers of oil are coming to think of its price not in dollars, but in ounces of gold. A year ago, a barrel of oil was worth 0.06 ounces of gold; by midsummer, it was up to nearly 0.07 ounce. Since then, the average official price of oil — in gold — has fallen to about 0.055 ounces. While the buyers complain bitterly of the terrific price in dollars, some of the sellers apparently are aiming at getting back up to the previous gold-to-oil ratio. If that is true, the prices of gold and oil may be pushing each other upward in a vicious circle. It is a certain formula for the regrettable phenomenon that the financial crowd — along with everyone else — calls a speculative crash.

THE WASHINGTON POST.

International Opinion

Indubitably an Invasion

The Soviet Union's invasion of Afghanistan is indubitably that — an invasion. It is an invasion, moreover, not of a hostile country — the Afghanistan president captured and executed in the Russian attack was, as his predecessors before him, sympathetic to and supported by the Soviet Union.

The Russians wanted the kind of direct power in Afghanistan which they had seized in Czechoslovakia from a liberal Communist regime; they were no longer content with mere influence.

— From The Globe and Mail (Toronto).

In the International Edition

Seventy-Five Years Ago

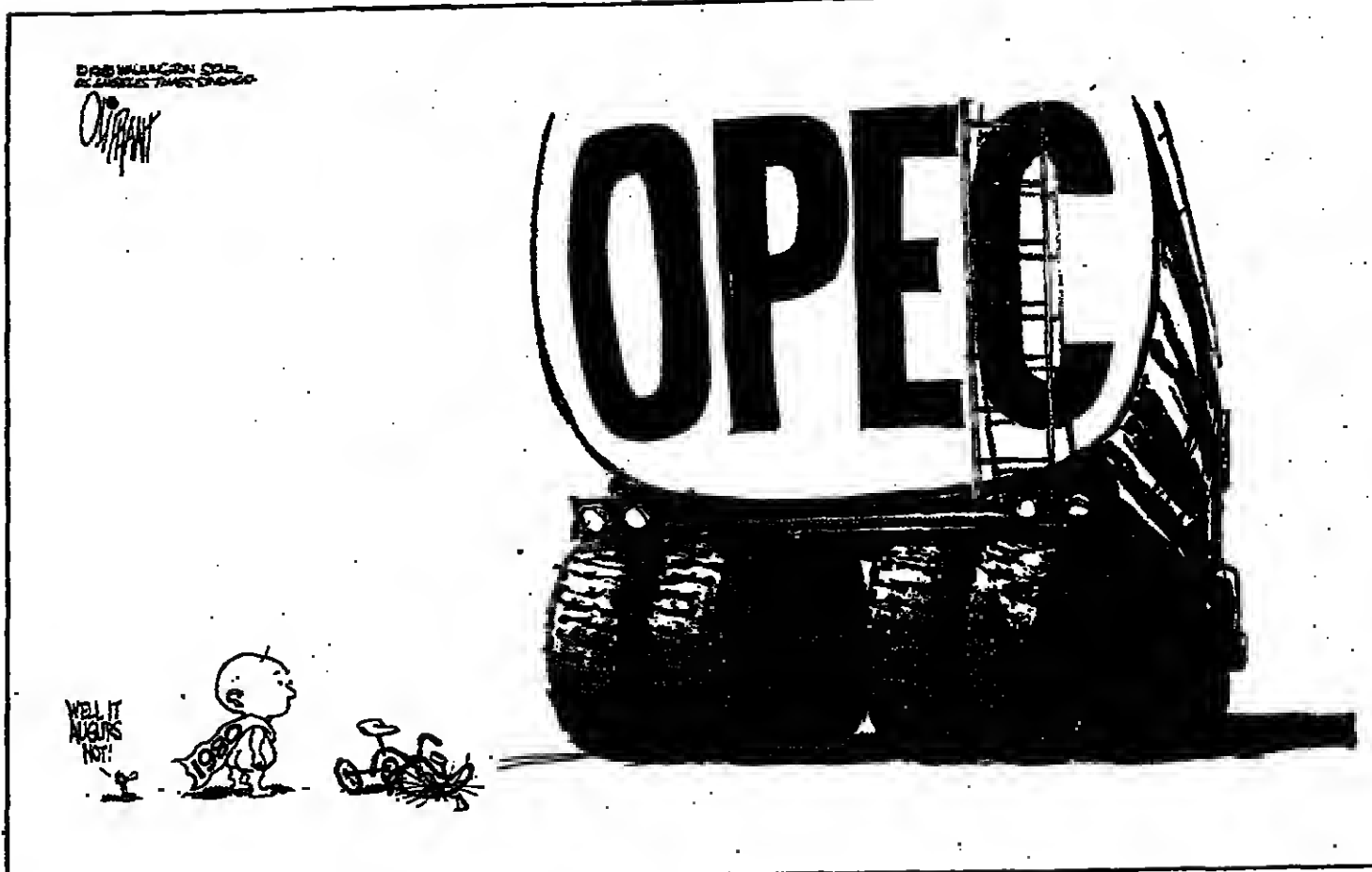
January 2, 1905

NEW YORK — The New York Sun said in an editorial: "Senator Dewey was unquestionably the choice of the great body of the Republicans in New York to represent their majestic state in the federal Senate — certainly as between him and the man put forward by the noxious and obvious political machine. He has rendered long and great services to his party, and has always been on hand to champion and defend it, even when it went wrong. He is a happy and graceful presence in the full vigor of health. With his host of friends and no enemies we know of, long and prosperous may be the career of Clarence Mitchell Dewey."

Fifty Years Ago

January 2, 1930

WASHINGTON — Another indication that the measures adopted by Dry agents in enforcing the liquor laws are supported by their superiors was given today when Seymour Lowman, assistant secretary of the Treasury in charge of Prohibition enforcement, declared the slaying of three alleged rum-runners by Coast Guardsmen was "unfortunate but unavoidable." He added that they had only themselves to blame. Mr. Lowman's views on the killings followed a statement by Rear-Admiral Frederick Billard, commander-in-chief of the Coast Guard, in which he insisted that the laws could not be enforced with "soft words and amiable gestures."



Another Move in Russia's Great Game

By C.L. Sulzberger

PARIS — The oldest conceptual effort of Russian foreign policy has been the southward search for warm water ports. Catherine the Great pushed unsuccessfully toward the Mediterranean through Turkey and Stalin asked Hitler's permission to penetrate the Dardanelles. Pressure was again applied on Ankara after World War II.

Concurrently a less flamboyant, but more successful, thrust snailed across Central Asia toward Iran and Afghanistan. Should either nation ultimately disintegrate the way would open to a Russian lodgment on the Indian Ocean, across landlocked Afghanistan.

This way is blocked only by restive Baluchistan, a tribal area that extends from the southern Afghan border with Pakistan almost to Karachi and along the southeast coast of Iran. Both sections of Baluchistan are now gripped by restive separatist movements.

Russia's southward drive during the past century has been persistent — within that approximate time span, it has overrun a series of formerly independent states — Khiva, Kokand and Bukhara. The emirate of Bukhara was only declared a Soviet republic in 1924.

The Game

When the Empire ruled in India, English elements spearheaded a huge army that lay in wait behind Afghanistan in case of a Russian invasion. After decades of unrest Afghanistan had been more or less generally accepted as a neutral buffer. But even then, what was called "The Great Game" was being played for control of Central Asia's juncture with the Indian subcontinent.

Britain's imperial domain weakened and dissolved after two world conflicts, India and Pakistan split, both gaining independence. The Indians and Afghans quarreled with Pakistan while making subtle gestures to each other — and to Moscow — in the recent version of the game. Meanwhile the United States, which had assumed the burden of defending Greece and Turkey when this was given up by bankrupt Britain, never attempted to repeat that effort on the much vaster scale required in the subcontinent.

Afghanistan's last monarch, King Mohammed Zahir Shah, told me in Kabul in 1950 that his country's relations with Moscow were "normal" and that communism could make no headway because it was opposed by Islam and there was "no great difference between the classes."

"On a visit in 1957, the king's cousin, Premier Prince Mohammed Daud, said: 'I can assure you this will be the very last country in the world to become communist.' Daud's brother, Prince Naim, the foreign minister, recalled that Afghanistan had sent one battalion to help Bukhara fight for independence in 1924 but added: 'Objections from a small nation such as Afghanistan don't count much against a great power.'"

Illusion

This theater of illusion faded from the world scene in 1973. Daud ousted the king in a coup and declared a republic of which he promptly became president. Daud was suspected of seeking close ties with Moscow. But suspicious were laid to rest when Nur Mohammed Taraki overthrew Daud in 1978 and clearly tilted policy toward the Soviet Union.

Since then the pace has accelerated. Taraki was succeeded by Hafizullah Amin who has just been chucked out and killed by Babrak Karmal. If, as everyone said, Amin was more strongly inclined toward the Kremlin than Taraki, Karmal is wholly pro-Kremlin and Russia has insured this by openly pouring in troops to support him.

Obviously Moscow does not expect to turn the turbulent, illiterate Afghan tribes into devoted Marxists for years to come. The Great Game has always been played with cautious deliberation and even the current crunch is unlikely to produce global crisis. The game's object is geopolitical advance toward an Indian Ocean port, whether Karachi or a Baluchi fishing town, by seizing Afghanistan and eventually crumbling Pakistan, Iran — or both.

Many people, when considering the Soviet move into adjacent Islamic areas, still say — as did Afghanistan's last king — that Moslems will not accept Marxism. Yet, looking at the enormous arc from Azerbaijan in the west to Uzbekistan, bordering China in the east, one becomes skeptical.

A great power ruthless enough to use its army against allies (like Hungary and Czechoslovakia) or neighbors (like China and Afghanistan) is obviously prepared to stamp out or ignore protest anywhere. Islam is only a supine, vestigial religion in Russia although tens of millions of Soviet citizens are of Moslem descent.

Anyone who has seen Russian military parades through Tashkent, the Uzbek capital (troops that are obviously Slavs whose Asian co-edgers serve in Europe) must remember today's basic fact. The imperial instinct in Asia was not limited to the British regiments in India described by Rudyard Kipling.

©1980, International Herald Tribune.

The Show Is Almost Over

By David S. Broder

WASHINGTON — The chief of a European intelligence service who was visiting Washington last winter used a curious phrase to describe the negotiations, then in their final stage, between the Soviet Union and the United States on the strategic arms limitation treaty. "That is cinema," he said. "That is what they give you to interest and distract you, while they do their serious work elsewhere."

He had brought with him to our meeting a map of the world. He pointed to Ethiopia, where the Russians had established a foothold at the outlet of the Red Sea into the Gulf of Aden and the Indian Ocean. He pointed across the strait to North and South Yemen, on the base of the Arabian peninsula, where Russian arms were being used by warring tribesmen.

Supplies Cut

He swung his hand upward, across Saudi Arabia and Iraq to Turkey — where there was growing unrest, in part the aftermath of the arms embargo the United States had applied and then lifted in the Cyprus dispute. He moved south-east to Iran, where the shah had been recently overthrown and the U.S. government was making efforts to ingratiate itself with what it took to be a moderate government.

Then east again to Afghanistan, where he said the U.S. administration had declined to supply clandestine arms to Moslem rebels opposing the pro-Soviet puppet government. That country, he said, would surely be annexed to the Soviet empire unless the West signaled it would strongly resist such a move. And then he drew a line from Afghanistan's southern border through Pakistan — cut off from additional U.S. weapons, because of a nuclear-proliferation dispute — to what he said was the ultimate Russian objective, a warm water port on the Arabian Sea.

At the center of this circle, he showed me, was the Gulf and the narrow Strait of Hormuz, where sinking a single ship could cut the oil lifeline on which Japan, Europe and the United States depend.

"That," he said, "is what is real to them. SALT and the rest — it is cinema to distract you."

Is there — to ask an uncomfortable question — any reality to the administration strategy for securing the release of the hostages in Tehran? Or is it cinema? At home, we have lit lights, sung songs, sent letters and prayers. Congress, the United Nations and the World Court have affirmed the illegality of the embassy seizure. Now there is another UN mission to Iran, to be followed by another set of toothless sanctions.

No Incentive

Are we not concealing from ourselves, with this cinema, the fact that the terrorists have paid no price for their action and have been given no real incentive to release the prisoners — and release the United States from this psychological bondage?

And an even harder question to face: Is there a sense in which the hostages themselves are a cinema — a preoccupation which lets us avoid the larger issues in what has occurred? Their lives are precious, but their lives have been subject to the will of others from the moment the embassy was seized without a shot.

Does a policy of patience improve their chances? It is not clear that it does. Each day in Iran brings fresh dangers of religious and tribal wars that could topple Ayatollah Khomeini and unleash fearful vengeance on those in the reach of his followers. He himself can be driven to extreme action by the weakness of his internal position.

New Equation

It has been my belief from the first week of this crisis that when the cinema is finished, when all the resolutions have been passed — and ignored — the government of the United States will have to act, of its own will, to change the equation. For the sake of the prisoners and, equally, for the first step in salvaging a deteriorating situation in a vital part of the world, our government will have to set a deadline for retaliation. Such a deadline would force the captors and their leader to decide what price they are prepared to pay for their persistence in what is, in fact, an act of war.

That is a chilling prospect with which to begin the new year. But the cinema is about over.

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Letters

The Angry U.S.

As an American just returned here after traveling the United States for a year, I would add to Mort Rosenblum's message (IHT, Dec. 11) of unanimous anger over Iran that the ashes of our Vietnam experience, far from tempering the sting of Ayatollah Khomeini's cheek-slapping challenge, have helped fire pay-price resolve to avenge it. Even if the hostages are released, it will take a brave — and one-term U.S. president to exercise great restraint. If they are slaughtered, Carter had better lead the crusade, or get trampled.

EDWARD B. ROHRBACK, Paris.

Declare War

Iran's free access to U.S. television under the guise of interviews should not be allowed to continue. There are at least three good reasons for stopping it immediately. • It is deeply immoral that U.S. newsmen should interview criminals engaged in the act of torturing their fellow citizens.

• By spreading the views of Khomeini and his henchmen, U.S. (and other) journalists prolong the agony and torture of the hostages, for as long as Khomeini can be assured of this free propaganda in the United States, he will not, of course, let the hostages go.

• Constant exposure to enemy propaganda will inevitably demoralize the nation and lead, eventually, to unconditional surrender.

There is a simple means to stop all this. The U.S. government should formally declare war on Iran, and bar publication in the United States of any kind of enemy propaganda whatsoever.

Such a declaration does not necessarily imply a shooting war. It will simply allow the United States to stop the people of the press from endangering the safety and lives of the hostages, and the safety and survival of the United States itself.

I. van der SLUIS, Amsterdam.

Good Excuses

Every human being, bar none, has a massive built-in resistance against recognizing and acknowledging personal and national guilt. After 28 years in Germany, I still marvel at the overwhelming number of intelligent, educated, relatively informed Germans who were indignant and outraged over the less than reticent behavior of Soviet troops when they entered Germany towards the end of the Second World War. How easily and conveniently such Germans still overlook the appalling extent of the unprovoked human slaughter and material devastation wrought

previously in those troops' homeland by other Germans. If that slaughter and devastation failed to provide an excuse for those Soviet troops' rampaging, it did at least provide an explanation.

By the same token I marvel today at the overwhelming number of Americans who wax indignant and outraged over anti-American feelings and actions in Iran. How conveniently such Americans overlook the chronological sequence: After the Iranian people had finally succeeded in overthrowing a feudally despotic regime, throwing a deeply hated tyrant out of the country, and installing a democratic government with strong popular support, the CIA dictatorially reinstalled that same deeply hated tyrant and permitted him to continue — for an entire quarter-century — his plundering, torturing, and killing. If that chronology provides no excuse for the most drastic recent Iranian actions, it does provide an explanation — and also food for thought about Washington's ghastly longstanding tendency to support a long list of monsters as long as they were — and are — anti-Communist monsters.

PAUL MOOR, Berlin.

True Concerns

The reported failure of President Carter to impose a fee on imported oil, remove control on gasoline prices or increase the gasoline tax (IHT, Dec. 22-23), should help us realize how genuine his concern is about his re-election and how little it is about energy conservation.

J. ESCUTIA, Paris.

Carter Play Politics With Crisis

By William Safire

WASHINGTON — Remember the Rejected Counsel? He's the White House staffer who job it is to go into the Oval Office times of crisis and say "Mr. President — do the popular thing! The easy way!" The president then says: "Some of my advisers have suggested that I do what is politically popular. I have rejected such counsel."

He is apparently alive and well. The Carter White House. For Powell has been buttonholing porters to press upon them the tails of a political memorandum wrote to the president. Since Powell does not usually look to and sundry such confidential advice to his boss, the information is necessarily suspect.

Sure enough, the memo — a purported summary of the views of senior political advisers to the president — is a classic case of the rejected Counsel. With a straight face it lists the reasons the president would find it politically harmful to duck out of the scheduled debate with Sen. Kennedy and Gov. Bradley on Jan. 7 in Des Moines, Iowa.

And then, true to form, reports are informed that the background of this stuff is really confidential and they should use it high in the story — that President Carter wrote ruefully across the top of the memo that the points were all well taken but that the national interest comes before the crass and petty demands of partisan politics. The president rejects "the easy way" of debating his challengers because the country needs him.

The Truth

Now let us look at the truth right side up. Every politician knows that when he is running behind, he should debate his opposition; when ahead, he should duck a debate. That is why President Johnson refused to debate Sen. Goldwater. President Nixon refused Sen. McGovern, and why Mr. Reagan refuses other Republicans today.

Last fall, with his popularity at a nadir, Mr. Carter accepted the Des Moines Register's invitation to debate Sen. Kennedy, who was riding high. Now with presidential popularity hipped during a crisis, Mr. Carter would have everything to lose and little to gain by debate.

So, Mr. Carter thinks he is playing smart. We all know that the White House is the best political stump and that "being presidential" is the best pose for a campaigning president. By looking suitably grim and ostentatiously cutting short weekends at Camp David to worry with his non-political advisers, he perpetuates the crisis atmosphere and keeps his ratings up.

If he were to debate, Mr. Carter would be forced to forego his no-questions-please dramatic announcements on television. He would have to defend economic policy that led to a 13 percent inflation, and explain why we should believe his projections of a \$15-billion budget deficit next year — when his prediction for this year is turning out to be \$15 billion too low.

What politician needs that? The president is better off running against Ayatollah Khomeini than Sen. Kennedy and Gov. Brown, which is why, for the first time, Mr. Carter finds the White House a refuge instead of a trap.

Curiously, at least one of the Rejected Counsels, campaign manager Robert Strauss is sincerely uncomfortable with his boss' notion of smart politics. Mr. Strauss did not support the original decision to debate, and realizes that the alibi for withdrawal at the last minute will not be universally believed.

Exploitation

The reason Mr. Carter's political exploitation of the crisis will fail is that, after eight weeks, Americans are awakening to the fact that their president has been doing nothing. He sternly warns of "grave consequences" and the Iranians laugh at him; he orders Iranian diplomats out of the country in five days and they still have not gone; he demands that the rest of the world apply sanctions but the United Nations sanct; he accepts national humiliations so readily that the Soviet Union feels free to launch the invasion of Afghanistan. As Mr. Carter awaits a shift in the polls, the world seems a shift in the balance of power.

The plain fact is that he could just as easily parade his passivity in Iowa as in the Situation Room. As a much-trampled-upon doorman flies atop the White House flagpole, a president desperate to avoid the rough-and-umble of political debate offers as his excuse the notion that he must issue his empty threats, dispatch his helpless emissaries, and wring his hands right from the center of impotence.

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Innovative Industry a Priority

Israel Plunging Headlong Into Exporting Ingenuity

By William Claiborne

JERUSALEM, Jan. 1 (WP) — With its research and development-based industrial products leaving agriculture far behind in the export race, Israel is on the verge of committing itself even more fully to innovative industry.

This will involve increased government infusions of risk capital and the transfer of scientists from academic projects to the private sector, officials said last week.

The government, already heavily extended in subsidizing development of new products for export, hopes to improve its precarious balance of payments position in the next five years by sinking \$350 million into industrial research and development, Arie Lavie, chief scientist of the Ministry of Industry, Trade and Tourism, said in an interview.

Coupled with an estimated \$150 million that will be privately invested, the commitment will put Israel, on a per capita basis, among the

leading nations in the research and development sweepstakes.

"The government recognizes the priority of exporting sophisticated industry. We have to do this thing, not in spite of our economic problems but because of them," Mr. Lavie said. Inflation in Israel currently is running more than 100 percent annually.

He said the new policy would retain the current government grants of up to 80 percent of costs for a new product, and add government loans for working capital and broad tax incentives to industries and individual investors to encourage private venture capital.

The export of products based on research and development has soared in Israel, from a paltry \$2.5 million in 1967 to \$700 million in 1979, or 30 percent of total civilian industrial export products. Economic analysts predict that by 1981 the total will reach \$1 billion and by 1986 \$2 billion, or 40 percent of total industrial exports.

Since the founding of the Jewish state 32 years ago, agricultural exports — ranging from cut flowers sold in Europe to oranges and avocados sold worldwide — have dominated Israel's foreign sales. But in 1978, the country's total \$2 billion in civilian and military industrial exports included \$540 million in research and development-based products, compared to \$495 million in agricultural exports.

New Products Increasing

The annual rate of growth of innovative industrial products, Mr. Lavie said, is 30 percent, compared to 9 percent for industry based on imported technology.

Having found the way to feed its 3.5-million population with food to spare for sale abroad, Israel is now plunging headlong into exporting its ingenuity.

The surge of innovative products, in fact, was inspired by the ingenuity that turned vast areas of desert into productive farmland, and gave rise to a formidable arms exporting industry whose sales this year are expected to total \$600 million.

Without an adequate supply of cheap labor and with no abundance of natural resources, Israel would not seem to qualify for accelerated industrial growth. But its academic manpower — 10,000 scientists and 20,000 engineers, many immigrants from Eastern Europe and the Soviet Union — gives the country an edge that offsets these deficiencies.

A recent joint study by the Massachusetts Institute of Technology and the World Bank recognized the potential of ingenuity, while seeking to learn how Israel has increased its industrial research and develop-

E. German Flees From Trawler

WALVIS BAY, South-West Africa, Jan. 1 (UPI) — An East German fisherman who spent nine hours floating in the Atlantic Ocean after jumping overboard on Dec. 25 has asked for political asylum in the West, a South African government spokesman said today.

Edgar Holtz jumped into the water from the fishing trawler Erick Weiner and spent the night drifting. He was washed ashore in a state of exhaustion and spotted by a light-house attendant who called the police.

Government officials said that Mr. Holtz's request for asylum had been turned over to the West German consul in South Africa.

ment in so short a period, and how the country has translated it into export growth.

The government has launched programs to lure more scientists and engineers from academia into corporate laboratories to increase the innovative pace.

The start-up of new companies that deal exclusively in research and development products is running about 20 a year and approximately \$20 million a year is being spent on joint projects with foreign concerns, including \$12 million invested in projects by 12 U.S. businesses.

Israel's partly socialist government is currently investing \$35 million a year in conditional grants to private companies, covering 50 percent of research and development on new products and up to 80 percent for products classified of "national importance." The latter category includes such products as a new solar pond and generating turbine near the Dead Sea.

If research and development results in the commercialization of a product, the company pays the government royalties of 1 percent of sales for seven years, but not exceeding the grant. The government is also planning other incentives.

Leading Products

The leading Israeli products in the civilian research and development export field now are medical equipment and drugs, electronics, communications products, computers, chemicals, machinery and plastics.

In the field of arms exports, Israel has long been in the big leagues, employing 32,000 workers in the defense industry — 11 percent of its industrial work force. The government is secretive about its defense industry, refusing to publish sales or market data.

Its biggest investment has been the development of the high-performance Kfir C-2 jet fighter. The government-owned Israeli Aircraft Industries is designing a new fighter for the new decade that will perform similarly to the American-made F-16. It has been estimated that research and development spending on the fighter could reach \$2 billion.

In addition, IAI and its subsidiaries produce the Gabriel missile, the Arava Stal military transport, the missile-equipped Dvora high-speed patrol boat, armored vehicles, anti-aircraft weapons, field guns and electronic components for ships, small arms — including the renowned Uzi submachine gun and the Galil assault rifle — and ammunition.

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October 1979

This announcement appears as a matter of record only



The State of Santa Catarina

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CREDIT LYONNAIS

November 1979

This announcement appears as a matter of record only



The State of Rio Grande do Sul

US-\$ 53,000,000 Term Loan

Guaranteed by

The Federative Republic of Brazil

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The international essential.

Handwritten note: J. P. V. 10.5.80

Outlook in U.S. Seen as Unsure

By Leonard Silk

TLANTA (NYT) — The business outlook for 1980 is for a moderate recession ending late in the year, a recession less severe than that of 1974-75, according to leading economists attending the annual meeting of the Allied Social Sciences Associations that ended here Sunday.

They warned, however, that there were risks at could worsen the outlook. Those risks stem from threats of new oil shocks, economic military conflicts in the Middle East and a possible breakdown in the world monetary system, tied to soaring oil and gold prices and a fight from the dollar.

While recognizing such dangers, economists interviewed here, nevertheless, saw an economy that in terms of immediate domestic pressures, is facing neither a depression nor an acceleration of inflation.

No Major Tax Cut Seen

With the expected persistence of double-digit inflation well into 1980, the economists believe that administration plans for a large tax cut will be deferred. Prof. Lawrence Klein of the University of Pennsylvania, who was President Carter's chief economic adviser during the 1976 campaign, told a forecasting panel he saw no likelihood of a "major" tax cut.

He did predict "marginal adjustments" in rates totaling \$12 billion, including some relief in depreciation rates for business and some measures to reduce the impact on taxpayers of being moved into a higher bracket of inflation. But the stimulative effect of \$12 billion in reductions, he said, would be small.

Monetary policy, as most economists here saw it, would provide little or no stimulus to offset recessionary pressures. Some contended that monetary policy was still far from tight. J. M. Eckstein, professor of economics at Harvard University and president of Data Resources Inc., said bankers still told him money was "readily available, but expensive."

Corporate Profits Strong

Mr. Eckstein said one of the biggest surprises of 1979 was the strength of corporate profits. They are up about 20 percent, he noted, and will continue to provide business with incentive for investment.

"The private economy," he said, "does not want or need the recession." He suggested that recession was being forced on policymakers — and by policymakers — as a necessary means of dealing with double-digit inflation. Because of those policy necessities, he, like most economists here, believed that recession is now on the way.

Alan Greenspan, president of the economic consulting firm Townsend-Greenspan & Co., who served as chief economic adviser to President Gerald Ford, said, "We seem now finally

Economist Says U.S. Has 'Lost Its Clout'

to be moving from a forecast of recession into its reality.

Mr. Greenspan foresees a "weak" economy through 1980, even if consumers continue to hold down their savings rate. The rate is now close to zero and is likely to go negative in coming months — a phenomenon this country has not seen since the 1930s. The explanation for the expected negative rate, according to Mr. Greenspan, is that consumers have been determined to keep up with inflation, and to do so have been liquidating assets.

One source of huge amounts of additional spending money, according to Mr. Greenspan, has been housing sold at inflated prices. Rapid turnover in housing properties has, at the same time, generated a great deal of extra cash through mortgages, and part of this cash has been used for current consumption, which tends to make the savings rate look lower.

The economists agreed that 1980 would see a drop in housing and autos. Prof. Harold T. Shapiro, presenting the economic forecast of a group at the University of Michigan, said that consumer spending on autos would decline 12 percent in 1980, and outlays on residential construction would decline 20 percent. The Michigan forecast sees housing starts dropping to about 1.25 million units from 1.75 million units in 1979. Most other economists here expected a comparable decline.

Reasons for Moderation

Mr. Shapiro said that he and his colleagues thought that a major reason the 1980 recession would be more moderate than the 1974-75 downturn was that housing would be declining from a lower peak. Last time, the slide in housing was from a level of 2.4 million units; in 1978, housing reached a high of just over two million.

Another reason to expect the year's decline to be gentler, he said, would be less selling off of business inventories. The Michigan group, in fact, sees "no inventory disinvestment" this year. Other forecasters, such as Mr. Eckstein, do see inventory cutbacks, although not as sharp as those in 1974.

Within the federal government, according to William A. Cox of the Commerce Department, there is consensus that the downturn will be "mild." He said the savings rate of consumers would stay down because of demographic factors, with more young people in the labor force and more two-earner households, and also because people had increasingly come to regard inflation "as a way of life."

The wild card in 1980, said Mr. Cox, would

be oil and food prices. He expressed the government's concern that members of the Organization of Petroleum Exporting Countries might still seriously worsen inflation by raising oil prices again this year.

Mr. Greenspan, however, tended to agree with the view expressed by Sheikh Ahmed Zaki Yamani, Saudi Arabia's oil minister, at the recent OPEC ministers' meeting in Venezuela that an oil glut lay ahead, and that this would help hold down further increases in oil prices. Greenspan, in fact, thought that prices might drop in the spot market.

Mr. Cox said that the rise in food prices ahead looked "intractable."

Like a number of the private economists here, Mr. Cox expressed worries about the ability of the private banking system to handle the recycling of huge flows of money to the oil-producing countries back to the deficit-ridden oil-poor countries.

Albert Wajniower, chief economist for First Boston Corp., said, "More and more, oil is money. Oil is the store of value and the medium of exchange."

All the old theorems of monetary economics, he said, can now be translated into oil. He expected further increases in both nominal and real oil prices. Inflation, he suggested, would keep interest rates rising for a while longer — until midway when recession might cause them to dip, but not dramatically.

Chrysler Corp. said Mr. Wajniower, is "only the first victim of OPEC." The rise in oil prices, he added, will have to be stopped, or there will be "no prospect for prosperity" and a "low ceiling on real economic growth."

He was gloomier than his colleagues in warning that 1980 could prove to be a year of disasters. He said that the necessity of forestalling "foreign-exchange disasters would restrict the use by the U.S. government of easier monetary and fiscal policies to cope with recession and unemployment."

U.S. 'Lost Its Clout'

The United States, he said, has not only "lost its clout" in the political arena but has also "lost its ability to run an independent economic policy."

Mr. Shapiro forecast that the nation's real gross national product this year would be moderate but that the recovery from recession would be "shallow." Similarly, Michael Evans, president of Evans Economics Inc., predicted a 2 percent decline in real GNP at an annual rate in the first quarter, with a 5 percent drop in the second quarter, but with the economy recovering "weakly" in the second half.

Mr. Greenspan forecast that "the recession will bottom around Election day." Democratic economists here could find scant reason to disagree with his assessment — or his political implications.

Gold, Silver End Year at Record High Dollar Closes Firm, But Trading Is Light

From Agency Dispatches

NEW YORK, Jan. 1 (NYT) — Gold soared to \$332 an ounce as the 1979 trading year closed yesterday, about \$300 more than it was worth one year ago.

Silver surged \$5.10 to \$34.45 an ounce — compared with just over \$5 a year ago — as the Soviet presence in Afghanistan accelerated buying of bullion.

The dollar closed on the year on an upward trend in major European markets with very little trading in currencies.

Gold closed in London at a new record \$524.50 an ounce, up \$14.50 from Friday's close of \$510. Zurich markets were closed for an extended New Year's holiday. In New York, however, dealers closed out their books for the year with a gold close of \$332 an ounce.

Silver, which has risen proportionately even more sharply than gold during the year, closed in New York at a record \$34.45 an ounce compared with the previous record of \$29.25 an ounce. Some of the buying was fueled by speculators covering short positions to close out their books for the year, according to a London dealer.

In Chicago, the Board of Trade boosted margins for trading the metal, just three weeks after lowering them. Margins for new positions and those taken in silver since Sept. 19 are not affected, except during periods of "variable price limits," when normal daily price movements are increased. In such periods, initial margins will be \$13,500 per contract instead of the normal \$9,000 and maintenance and hedge margins are \$7,500 instead of the normal \$5,000.

For positions taken before Sept. 19, initial margins were raised to \$2,000 from \$4,500 and maintenance margins were increased to \$5,000 from \$3,000. During variable limit periods, initial and maintenance margins were increased to \$7,500 from \$5,000.

Midwest Tension Cited

James Sinclair, head of the firm bearing his name, noted that speculators have been a major factor in the sharp runup of metals prices in the last month. "There obviously has been some speculation, but the buying has been largely physical (as opposed to futures contracts) and has come from the Middle East," he said.

David Mizrahi, editor of the MidEast Report, said the tension over Iran and the terrorist attack on Mecca in Saudi Arabia has been heightened by the Soviet Union's backing of the coup in Afghanistan.

"The Soviet presence in Afghanistan has accelerated the flight of Arab capital from the Middle East, much of which has already been transferred, and a portion of which has been or will be put into gold," he said.

"The Arabs — both governments and private businessmen — believe that the Soviets are in Afghanistan to gain access to the oil-producing Persian gulf area," he added. Various reports have predicted that the Soviet Union will be a net importer of oil by 1985.

The dollar was mixed on the last trading day of the year, but with a higher trend at the close. Volume, however, was negligible. Zurich and Paris markets were closed for the New Year.

(Continued on Page 9, Col. 4)

'Specialty' Stocks Lead Trading As Annual Volume Sets Record

NEW YORK, Jan. 1 (NYT) — Wall Street rang down the curtain yesterday on a tumultuous year that saw stock trading volume smash all records, while the bond market went the other way in October to suffer its most disastrous single-month loss in history.

"The general mood of the investment community today is upbeat," observed Sanford Weill, chairman of Shearson Loeb Rhoades. "Most people are looking forward to a better decade and one good thing is that the 1970s finally have come to an end."

Mr. Weill had particular cause for cheer. His company's stock touched a record high yesterday at 21 1/2. It sold earlier this year as low as 8 1/2.

A Year of Specialties

"Looking back at 1979, it was a year of specialties, when anything that smacked of a natural resource or a takeover did very well," summed up Howard Silverman, managing partner of Gruntal & Co. "I would say that the huge commission volume in stocks and commodities enabled most retail-oriented firms to overcome any drain from their fixed-income portfolios in recent months."

However, other investment executives noted that recent losses in fixed-income holdings, resulting from the Federal Reserve Board's sudden switch to a tighter-money policy on Oct. 6, were so monumental that some bond-positioning firms must still be nursing their wounds.

The fires of domestic inflation were fanned in 1979 by steadily rising prices for imported oil. As a result, companies with resources in the ground became stock market darlings. Gold and silver stocks mirrored leaping bullion prices. Some South African gold shares moved ahead 50 percent during the last two months.

Oil issues became particular favorites and small, in terms of capitalization, was beautiful. Sundance Oil ran ahead more than 300 percent on the American Stock Exchange. Along with such exploration companies as Numac Oil & Gas and Wainoco Oil, Sundance symbolized the rampaging play in Canadian energy stocks.

As a result, the Amex market value index finished the year at a record 247.07, advancing more than 60 percent.

Over-the-counter stocks also became the hunting ground of "special situations," as the NASDAQ composite index rose upwards of 26 percent to 151.1, up 0.31 for the day.

On the other hand, the Dow Jones industrial average, with blue-chip and big-name glamour issues generally turning in a mediocre performance, edged ahead a scant 4 percent to finish at 838.74. Ten years ago, the Dow stood at 800.36.

Big Board volume swelled to 8.15 billion shares for a daily turnover of approximately 32 million shares. This topped the previous mark, set in 1978, of 7.2 billion shares, or 28.6 million shares a day. In 1969, the comparable figures were an aggregate 2.85 billion shares and a daily average of 11.4 million shares.

The huge expansion in trading during the decade stemmed mainly from increased participation by institutions, such as banks, trust departments, insurance companies and other large investors that now account for between 65 and 70 percent of total volume.

Turnover yesterday contracted to 31.5 million shares from 34.4 million on Friday. For the day, the Dow index was off 0.17.

Among the bigger gainers in the precious-metal group, Handy & Harman, a leading refiner, climbed 2 1/4 to 38 1/4. Engelhard Minerals, a metals fabricator, 4 1/4 to 65 1/4. Hecla Mining, 8 1/4 to 45. Callahan Mining, 3 1/4 to 33 1/4 and Sunshine Mining, 5 1/4 to 35. The latter three companies mine silver.

In the stronger gold mining category, ASA Ltd. rose 3 1/2 to 40 1/4. Homestake Mining, 2 1/4 to 51.

(Continued on Page 9, Col. 4)

Hits Lowest Level Since Mid-1977

U.S. Leading Index Drops in November

By Art Pine

WASHINGTON, Jan. 1 (WP) — The key government index designed to predict turning points in the economy plunged sharply in November, bolstering suggestions that the economy is truly on a recession slide.

The Commerce Department reported yesterday that its index of leading economic indicators fell 1.3 percent, following a revised drop of 1.4 percent the previous month. The weakness was spread throughout seven of the 10 indicators now available and dropped the index to 126.6 — its lowest level since July, 1977, when it was 136.0.

The figures came as the Agriculture Department announced separately that farm prices rose a relatively moderate 0.5 percent in December for the second month in a row, bringing them 8-percent above a year ago.

Meanwhile the Labor Department reported the layoff rate among factory workers rose 0.2 percentage point in October to 1.3 percent, while the number of strikes and striking workers declined sharply.

The combination of figures was in line with most analysts' assessments that the economy is in or just entering a moderate recession, which is likely to show up in earnest early this year. William Cox, the Commerce Department's deputy chief economist, noted there already has been a steep falloff in both automobile production and housing. If those continue as expected, the downturn will spread, he said.

Perhaps the most significant feature of the leading indicator index this time was the continuing spread of the declines to indicators beyond the financial and stock market sphere, such as building permits. The 1.4 percent drop recorded for October was revised from an 0.9 percent decline estimated previously.

ly. The index generally has been edging downward since its peak this past March. It is not universally regarded as infallible.

The figures nevertheless appeared to jibe with a new survey of corporate purchasing managers which showed that the economy softened visibly in December, with new orders slumping in the face of cutbacks in production.

'Danger Signals Flashing'

Charles Haffey of Pfizer, chairman of the group's business survey committee, said there "isn't any question that danger signals are flashing all over the place." Still, some firms continue to see business ahead good.

At the same time, producers of machine tools say they are winding up their best year ever, and they are unusually optimistic about the outlook for 1980, according to the National Machine Tool Builders' Association.

The trade group said that while November orders fell 23 percent from the previous month's level, the total still was in line with those of

the first eight months of 1979, and there are no indications that orders will be curtailed soon.

Most economists still believe the economy is continuing robust enough that output will grow a slight 1 to 1.5 percent, at an annual rate, during the final three months of 1979, but that declines may be posted in early 1980.

Although the consensus among economists is that a downturn is coming, if it is not already here, the Carter administration is remaining cautious, for fear of exacerbating inflation. President Carter is said to have decided against proposing a major tax cut as part of the fiscal 1981 budget he will send Congress in late January.

The relative slowdown in agricultural prices would appear to point to some further relief for grocery shoppers in coming months. Food prices, as well as energy prices, have risen less rapidly at the retail level in recent weeks. The Agriculture Department is predicting that retail food prices will rise about 8 percent again in 1980.

J.K. Broker Issues to Halt U.S. Bidder

Direct Investments Studied

Japanese Car Firms Consider U.S. Plants

By Henry Scott Stokes

TOKYO, Jan. 1 (NYT) — Three top Japanese auto companies — Toyota, Nissan and Honda — are considering their first large direct investments in auto assembly plants in the United States and may reach decisions by this spring, according to industry analysts and press reports here.

Spotting the trend in the Japanese industry, and with layoffs climbing in the U.S. industry, most states have already sent representatives here to press the case for a plant in their area.

Comments from industry analysts and reports in the financial press follow closely the agreement reached last month between Honda and BL Ltd. for the production in Britain of a Honda-designed car, due to be produced for sale in the European Community by the summer of 1980.

The Nihon Keizai newspaper said yesterday that the three Japanese companies "will decide on four-wheel production in the United States by next spring," partly to rebut U.S. protests against the "export of unemployment" in the auto industry from Japan to the United States.

The Honda-BL agreement was reached in a climate of increasing concern over the ironies the Japanese industry has made in the U.K. and European auto markets. In reacting to the pact, Seiki Kato, board chairman of Toyota Motor Sales Co., the auto maker's sales division, noted that political as well as economic factors would be considered in any decision to begin production outside Japan.

"There has been a complete

change in the tone of pronouncements by the big companies, notably Toyota, on the long-term question of investment in assembly in the United States," said Akio Miki, an industry analyst. "In the past, the big Japanese auto makers shrank from the final step of committing themselves in the United States, but now they are facing up to the inevitable."

U.S. Ambassador Mike Mansfield has long sought Japanese auto investments in the United States, and numerous states have sent delegations to Japan to win job-creating assembly plants.

"We have had representations from practically every state with the exception of Alaska and Hawaii," said a Toyota spokesman. "Several state governors made the trip down to Nagoya," site of Toyota's headquarters.

It now appears that at least one

major concern, possibly Honda Motor Co., will follow West Germany's Volkswagen in investing in a U.S. assembly plant.

One factor spurring companies has been criticism of Japanese makers, which have commanded more than 15 percent of the U.S. car market, by the president of the United Automobile Workers union, Douglas Fraser. However, there are these additional reasons for the apparent change in strategy:

- There is insistent demand from U.S. consumers for quality, fuel-economic cars and trucks, and this has raised imports from Japan by 8.7 percent in 1979, to 2.06 million units, according to Nissan's president, Takashi Ishihara.

- Booming auto exports to the United States are now equal to Japan's trade surplus with the United States, according to official Japanese figures for 1979 — close to \$6 billion on first estimates. Washington has been prevailing on Japan to close this gap. At the same time, profit margins increased greatly with the slump of the yen against the dollar.

Ford Ups Prices Average 1.9%, Below GM's Rise

DETROIT, Jan. 1 (NYT) — Ford Motor, following the lead of General Motors, yesterday announced price increases averaging \$149, or 1.9 percent, on the base sticker prices of all its 1980 model cars.

The increase was less than GM's average price rise of \$186, or 2.8 percent, announced Dec. 21, reflecting Ford's continuing poor sales record compared with GM as well as a desire to sharpen its competitive edge.

Ford said the increase, the second so far during the 1980 model year, enables the company to recover only a portion of the mounting costs it is experiencing for material, labor and services, as well as the expenses of meeting government-mandated regulations.

Like GM, Ford set larger increases on its fast-selling small cars and smaller increases on its slow-selling big models. The price on the subcompact two-door Pinto Pony will climb \$129, or 3.4 percent, while the full-sized LTD will go up \$73, or 1.1 percent.

According to Ford's figures, the latest increase brought the rise in the price of 1980 models over the last prices for 1979 cars to 4.8 percent. With the price increase averaging 6 percent by American Motors Corp. announced Friday, only Chrysler has yet to announce a second-round increase.

BL Raises Prices 4%

LONDON, Jan. 1 (AP-DJ) — BL Ltd. announced an average 4-percent increase in the price of its cars, starting next Monday. Volkswagen announced a 6-percent rise in its U.K. prices due to higher manufacturing costs.

Brazilian Plain Regarded As Possible 'Breadbasket'

UBERLANDIA, Brazil, Jan. 1 (AP-DJ) — Brazil has discovered it can become one of the world's major food suppliers by developing a vast plain that one day could rival the grain-rich U.S. Midwest.

The region, a savanna in the heart of this gigantic country, is known as the "cerrados."

Until recently, this land was almost useless because the soil is infertile and the rainfall inadequate. But new soil research has made it productive and started a great land rush by farmers and speculators.

Brazilians are still not sure exactly how much land they really have in the cerrados. Conservative estimates say there are close to 320 million acres (130 million hectares), equal to 30 percent of all the land in the United States. The upper limit is 500 million acres.

corn, cotton, fruit, and coffee. The rest is best suited to pasture.

Cultivation of the cerrados would double Brazil's farmland. "By applying what scientists already know to the land suited to food crops, the cerrados could feed 150 million people," says Wenceslau Goedert, a government agronomist. "And that doesn't include the millions of tons of meat the pasture land could yield."

Some of the advanced farming methods involve improving the very acidic soil. Mr. Goedert says that an acre of land in the less developed parts of the cerrados costs \$40. But to clear it and cover it with fertilizer and soil correctives requires three times that much.

Because the land is flat, its cultivation can be completely mechanized. And the temperature and sunlight conditions are excellent. But rain is not always sufficient. There is enough, in terms of volume, but it often comes at the wrong times.

Belridge Oil Company

has been acquired by

Shell Oil Company

The undersigned acted as financial advisor to Belridge Oil Company.

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December 10, 1979

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Afghanistan (air)	\$ 228.00	114.00	63.00	Indonesia (air)	\$ 273.00	136.50	75.00	Philippines (air)	\$ 273.00	136.50	75.00
Africa, Ex-Communism (air)	\$ 145.00	72.50	40.50	Iraq (air)	\$ 171.00	85.50	47.00	Poland (air)	\$ 145.00	72.50	40.50
Africa, Others (air)	\$ 228.00	114.00	63.00	Israel (air)	\$ 171.00	85.50	47.00	Polynesia French (air)	\$ 195.00	97.50	54.00
Algeria (air)	\$ 145.00	72.50	40.50	Ireland (air)	\$ 145.00	72.50	40.50	Portugal (air)	Esc. 5,000.00	2,500.00	1,350.00
Austria (air)	Sch. 2,100.00	1,050.00	580.00	Ireland (air)	£fr. 56.00	28.00	15.00	Romania (air)	\$ 145.00	72.50	40.50
Bahrain (air)	\$ 228.00	114.00	63.00	Israel (air)	\$ 171.00	85.50	47.00	Saudi Arabia (air)	\$ 171.00	85.50	47.00
Belgium (air)	B.Fr. 4,050.00	2,025.00	1,125.00	Italy (air)	Lire 9,200.00	4,600.00	2,500.00	Singapore (air)	\$ 273.00	136.50	75.00
Burma (air)	\$ 273.00	136.50	75.00	Japan (air)	\$ 273.00	136.50	75.00	South America (air)	\$ 228.00	114.00	63.00
Bulgaria (air)	\$ 145.00	72.50	40.50	Khmer Rep. (air)	\$ 273.00	136.50	75.00	Spain (air)	Ptas. 8,800.00	4,400.00	2,420.00
Canada (air)	\$ 228.00	114.00	63.00	Korea (air)	\$ 273.00	136.50	75.00	Sri Lanka (air)	\$ 228.00	114.00	63.00
China (air)	\$ 273.00	136.50	75.00	Kuwait (air)	\$ 228.00	114.00	63.00	Sweden (air)	S.Kr. 520.00	260.00	145.00
Cyprus (air)	\$ 145.00	72.50	40.50	Lebanon (air)	\$ 171.00	85.50	47.00	Switzerland (air)	S.Fr. 300.00	150.00	82.00
Czechoslovakia (air)	\$ 145.00	72.50	40.50	Libya (air)	\$ 171.00	85.50	47.00	Thailand (air)	\$ 273.00	136.50	75.00
Denmark (air)	D.Kr. 660.00	330.00	180.00	Luxembourg (air)	L.Fr. 4,050.00	2,025.00	1,125.00	Tunisia (air)	\$ 145.00	72.50	40.50
Egypt (air)	\$ 171.00	85.50	47.00	Malagasy (air)	\$ 195.00	97.50	54.00	Turkey (air)	\$ 145.00	72.50	40.50
Ethiopia (air)	\$ 228.00	114.00	63.00	Malta (air)	\$ 145.00	72.50	40.50	United Arab Emirates (air)	\$ 228.00	114.00	63.00
Finland (air)	F.M. 600.00	300.00	165.00	Malaya (air)	\$ 273.00	136.50	75.00	U.S.S.R. (air)	\$ 145.00	72.50	40.50
France	FF 520.00	260.00	145.00	Mexico (air)	\$ 228.00	114.00	63.00	U.S.A. (air)	\$ 195.00	97.50	54.00
Germany	DM 278.00	139.00	75.00	Morocco (air)	\$ 145.00	72.50	40.50	Vietnam (air)	\$ 273.00	136.50	75.00
Great Britain	£S. 46.00	23.00	12.00	Nepal (air)	\$ 228.00	114.00	63.00	Yugoslavia (air)	\$ 145.00	72.50	40.50
Greece (air)	Dr. 4,200.00	2,100.00	1,170.00	Netherlands	FL 300.00	150.00	82.00	Zaire (air)	\$ 228.00	114.00	63.00
Hong Kong (air)	\$ 273.00	136.50	75.00	New Zealand (air)	\$ 273.00	136.50	75.00	Other Eur. Countr. (air)	\$ 145.00	72.50	40.50
Hungary (air)	\$ 145.00	72.50	40.50	Norway (air)	N.Kr. 578.00	289.00	161.00				

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IMF Targets Endangering Zaire's Ability to Arrange Loans

HASA, Zaire, Jan. 1 — International efforts to help Zaire's stricken economy are being jeopardized by the country's failure to meet targets agreed upon with the International Monetary Fund as part of its stabilization plan, sources here report.

IMF team is due to arrive here in mid-January to assess the 1979 performance and set new targets for publication in this edition. The International Herald Tribune regrets the inconvenience.

Zaire's debt repayments this year, unless rescheduled, amount to more than \$500 million. The Paris Club, grouping creditor governments owed about one-quarter of Zaire's total debt, agreed to reschedule debt repayments, but only on the condition that the IMF was satisfied with Zaire's own efforts to stabilize the economy.

The London Club, bringing together Western commercial banks, is due to discuss rescheduling Zaire's bank debts soon. It would also be reluctant to postpone repayment without some sign of a serious Zairian commitment to the terms of the IMF undertaking.

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To Our Readers

Because of transmission difficulties, a number of financial tables — including the reports of Monday trading on the New York and American stock exchanges — were not available for publication in this edition. The International Herald Tribune regrets the inconvenience.

Cash Prices

December 31, 1979

Commodity and unit	Mon	Year Ago
COFFEES		
Coffee 4 Santos, lb.	2.00	1.48
COFFEES		
Arabica 4 Santos, lb.	0.47	0.44
COFFEES		
Robusta 4 Santos, lb.	0.47	0.44
COFFEES		
Robusta 4 Santos, lb.	0.47	0.44
COFFEES		
Robusta 4 Santos, lb.	0.47	0.44

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Gold, Silver Set Year-End High

(Continued from Page 7)

holiday and many U.S. banks were trading for a half-day.

In Frankfurt the dollar rose to 1.7315 Deutsche marks from 1.7240 Friday; in Amsterdam to 1.9005 guilders from 1.8990. In Brussels it eased to 29 francs from 29.025 and in Milan to 804.05 lire from 804.20.

In London, the threat of a national steel strike hurt the pound, which closed at \$2.22 compared with \$2.2225 Friday. The dollar was quoted at 1.5990 Swiss francs, up from Friday's 1.5873 and 4.02175 French francs, down from Friday's 4.0225.

In Tokyo the dollar closed at 239.90 yen, up from 239.50 Friday.

Swiss Reimpose Sales Tax
BERN, Jan. 1 (AP-D) — Switzerland reintroduced a sales tax on gold and gold coins whose retail price will be 5.6 percent higher when trading resumes on Swiss markets tomorrow. A terse communique published yesterday evening said the Finance Ministry, in agreement with the Swiss National Bank, decided to suspend a 25-year-old decree exempting gold and gold coins traded in Switzerland from the tax.

Specialty Stocks Lead Traing on N.Y. Stock Mart

(Continued from Page 7)

Campbell Red Lake, 1 1/4 to 2 1/4 and Dome Mines, 1/4 to 3/4.

Gambro-Skogmo, a leading merchandiser, added 1 1/4 at 33 1/2 after Wickes Corp., a retailer of lumber and building materials, said it may buy 50,000 of Gambro-Skogmo's common shares. Wickes closed 1/4 to 1 1/4.

Woods Petroleum, an oil and gas exploration company, tacked on 2 1/4 at 39 1/2 after announcing a new oil discovery in the Panhandle of Texas.

Commodity Indexes

December 31, 1979

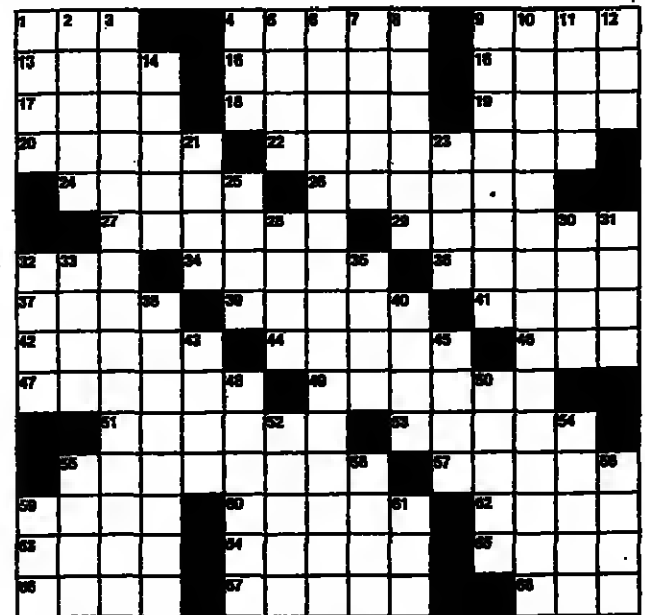
	Close	Previous
Moody's	N.A.	1,299.90
Reuters	1,701.20	1,698.20
Dow Jones Spot	419.12	421.83
D-J. Futures	423.08	426.69

Moody's : base 100 : Dec. 31, 1931. P — preliminary; 1 — final

Reuters : base 100 : Sep. 18, 1931.

Dow Jones : base 100 : Average 1925-26.

CROSSWORD By Eugene T. Maleska



- ACROSS**
- 1 Perishing's men in Eur.
 - 2 Hindu noble
 - 3 "— boy!"
 - 4 Conjugate
 - 5 "What's in —?"
 - 6 Boutique
 - 7 Vetch
 - 8 Clementine's dad
 - 9 Campsite need
 - 10 Ridiculous
 - 11 Rays of light
 - 12 Does a household chore
 - 13 Slow movement in music
 - 14 Point in horseshoes
 - 15 Whale
 - 16 Tramp along
 - 17 Lecher
 - 18 Thick
 - 19 — breve
 - 20 Nero's father
 - 21 Anglia ratio
 - 22 Laughing
- DOWN**
- 1 First of five in "Hamlet"
 - 2 Churchill's "— Finest Hour"
 - 3 Aspect of velvet
 - 4 Is unable
 - 5 Trism
 - 6 Escaped punishment
 - 7 Kind of writ
 - 8 Minor planet
 - 9 Puckish
 - 10 Chekhov heroine
 - 11 Little Lord Fauntleroy
 - 12 Volcano in Sicily
 - 13 Common contraction
 - 14 Remainder, in Marseille
 - 15 Faction
 - 16 Koko's weapon
 - 17 Some Comb.
 - 18 Culprit, in Calabria
 - 19 Gobs
 - 20 Appropriate
 - 21 Past or future
 - 22 Greek letters
 - 23 Mild oath, old style
 - 24 Kind of dragon
 - 25 French state
 - 26 Annapolis
 - 27 Hiss's first word
 - 28 Open space in Paris
 - 29 Inter
 - 30 Tall grass
 - 31 Add footnotes
 - 32 Latvian city
 - 33 Carry a burden
 - 34 Get under one's skin
 - 35 Bulfighter
 - 36 McKinley's Ohio birthplace
 - 37 Golfers' warnings
 - 38 Because
 - 39 Soon
 - 40 Show senility
 - 41 Western alliance: Abbr.
 - 42 Some are classified
 - 43 Zodiac sign

Solution to Previous Puzzle

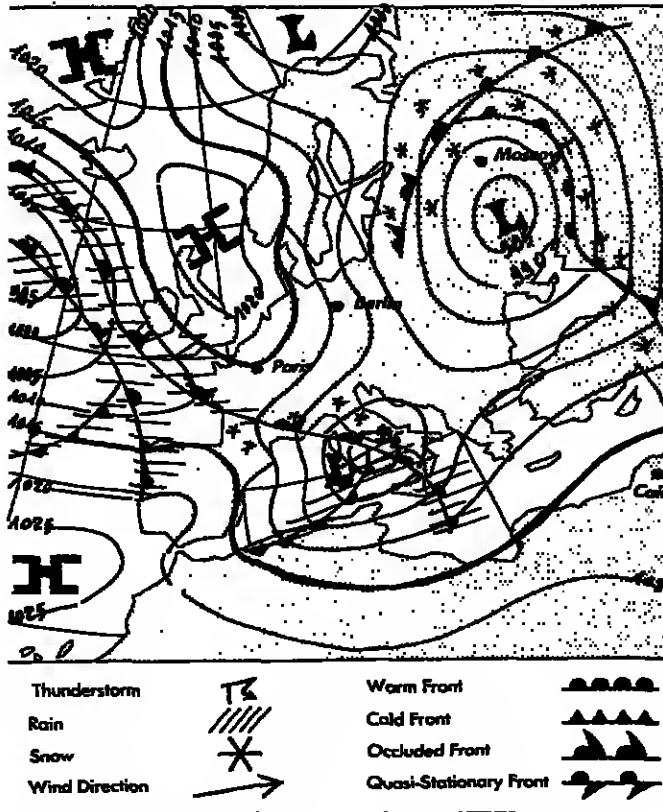


WEATHER

C F			C F				
ALGARVE	12	59	Rain	MADRID	15	59	Fair
AMSTERDAM	1	34	Snow	MIAMI	19	64	Fair
ANKARA	4	40	Overcast	MILAN	4	41	Fair
ATHENS	15	59	Cloudy	MONTREAL	2	35	Cloudy
BEIRUT	19	66	Fair	MOSCOW	-7	19	Fair
BELGRADE	-1	30	Snow	MUNICH	-2	28	Snow
BERLIN	1	34	Cloudy	NEW YORK	4	39	Fair
BIRMINGHAM	12	54	Cloudy	OSLO	-2	28	Overcast
BUDAPEST	2	36	Overcast	NICLA	-2	28	Overcast
CASABLANCA	18	64	Cloudy	PARIS	1	34	Overcast
COPENHAGEN	-1	30	Snow	PRAGUE	0	32	Snow
COSTA DEL SOL	17	63	Cloudy	ROME	1	34	Fair
DUBLIN	2	36	Overcast	SOFIA	-1	30	Snow
EDINBURGH	-1	30	Fair	STOCKHOLM	-2	28	Snow
FLORENCE	4	39	Fair	TORINO	1	34	Fair
FRANKFURT	1	34	Overcast	TOKYO	4	43	Cloudy
GENEVA	1	34	Cloudy	TURIN	1	34	Overcast
HELSINKI	-2	28	Snow	VIENNA	2	34	Overcast
HONG KONG	15	59	Fair	WARSAW	-2	28	Foggy
ISTANBUL	8	46	Overcast	WASHINGTON	-1	34	Cloudy
LAS PALMAS	26	79	Cloudy	ZURICH	-1	34	Cloudy
LISBON	16	61	Overcast				
LONDON	1	34	Fair				
LOS ANGELES	21	70	Fair				

(Yesterday's readings U.S. and Canada in °F; GMT, Houston and Los Angeles of 2000 GMT.)

Situation Forecast for Noon G.M.T. Wednesday



South Africa Court Says Guarantee On Car Covers Snake, Mice Damage

DURBAN, South Africa, Jan. 1 (UPI) — A doctor has sued an automobile company for 1,000 rand (\$1,200) because the engine of his new car was ruined by a hungry snake that chased a terrified mouse into the car's camshaft sprocket.

Dr. Ahmed Suleman tried to start his brand new high performance Alfa Romeo on New Year's Eve but had no luck. "All I heard was a grinding noise," he said.

When the week-old car was towed back to the dealer, mechanics found the problem promptly. The chewed remains of a snake and a mouse were found wound around the camshaft sprocket. The engine was a total write-off.

When the repairs were made Dr. Suleman was presented with a bill for 800 rand (\$960). He refused to pay claiming that the engine guarantee included damage caused by hungry snakes chasing mice. The automobile firm disagreed, saying that the snake had nothing to do with faulty workmanship or defective materials and held the car.

Dr. Suleman marched down to the Supreme Court filed his suit, received an emergency court order and took delivery of his car. The firm said that it would fight the order.

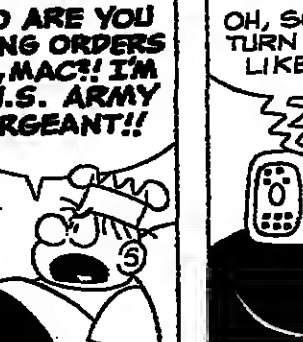
PEANUTS



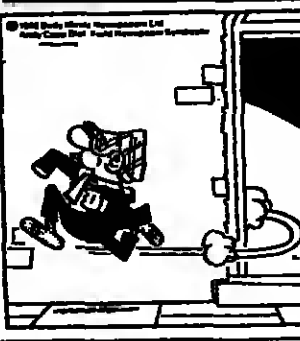
BLONDIE



BEETLEBAILEY ANDY CAPP



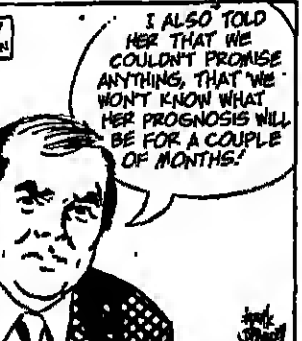
REX MORGAN



DONESBURY



JUMBLE



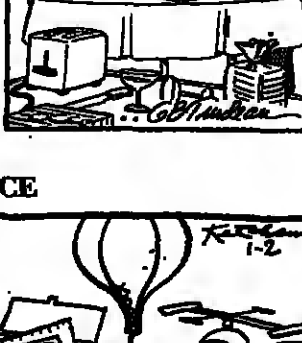
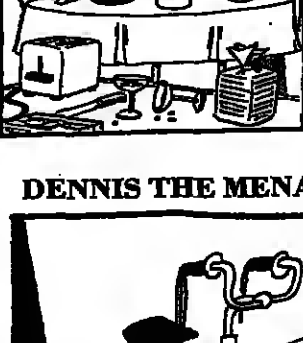
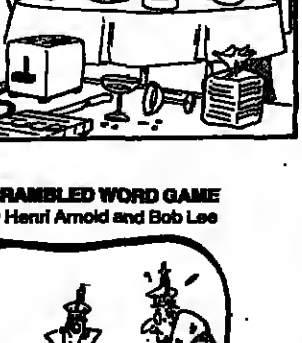
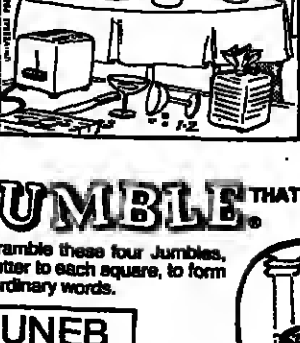
DENNIS THE MENACE



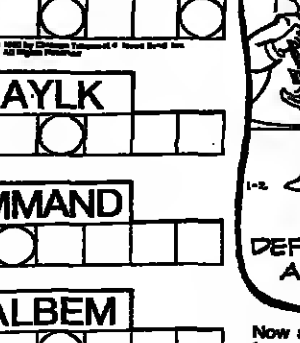
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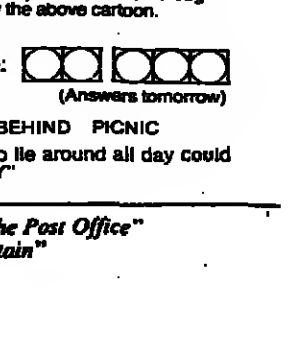
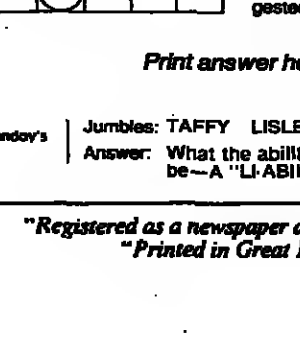
JUMBLE



JUMBLE



JUMBLE



BOOKS

THE MIRACLE MACHINE

By Doug Gilbert, Coward, McCann & Geoghegan.
Illustrated. 324 pp. \$10.95.

Reviewed by Christopher Lehmann-Haupt

HERE'S the miracle. At the 1976 summer Olympic Games, held in Montreal, East Germany won 90 medals over all, 40 of which were gold, the second highest total of all competing nations, if nations may be said to compete in the Olympics. (The Soviet Union won 47 gold.) Per capita, that's one medal for every 158,888 East German souls, and one gold for every 425,000. The United States, far richer and more populous, won a total of four more medals over all, but six fewer gold. That comes to a medal for every 2,288,489 Americans and a gold medal for every 6,327,000. As a medal winner, East Germany is about 12 times more productive than the U.S. As a gold medal winner, about 15.

Big deal, you retort. East Germany cheats. It presses its athletes into service and pays them to do nothing else but run and jump and paddle kayaks. It pumps them up with anabolic steroids and shoots them full of speed and strength and virtuosity. It knows not the spirit of amateurism, nor does it abide failure. East Germany is an athletic factory. For Communist propaganda.

Well, Doug Gilbert, a Canadian journalist who was killed last summer in an automobile accident while covering the Pan-American Games, says that isn't so. In "The Miracle Machine," which was completed just before he died, Gilbert takes us behind the scenes, introduces us to the people who created the miracle, and explains how the machine works. He concludes that, if anything, the East German sports program is more democratic than the American one — more spontaneous, more humane, more egalitarian, and more tuned into the joy of pure participation.

Indeed, Gilbert concludes, the United States would do well to adopt a program similar to the East German one. It could create a body similar to the all-encompassing Deutscher Turn- und Sportbund, or German Gymnastics and Sports Union, and make it completely independent of the government, as the East Germans have done.

Now if the foregoing makes Gilbert sound like an apologist for an alien way of life, then so be it. He respects his subject sufficiently to refer to it as the German Democratic Republic rather than East Germany, which is considered insulting. There are those among us who will not forgive him for this, let alone for fraternizing with and praising the enemy.

Still, I have to say that Gilbert's views sound balanced to me. He is willing to curse where curses are due, and to worry about the potentially dangerous possibilities inherent in an event like the mammoth Sports Festival and Spartakiad he witnessed at Leipzig. For though the spectacle moved him beyond the power of his writing to convey — the performers "were simply super," he is finally reduced to burbling — it also scared him a little by its resemblance to the infamous Nuremberg rallies of the 1930s.

Besides, Gilbert seems just as concerned with getting to know his subject and having fun in the process as he does with advocating its program. So he isn't loath to wander wherever his nose leads him, whether it's to the discovery of Stümmel 1, an electronic stimulator developed by the Russians that appears to have the power to strengthen muscles (and to reduce fat), or to ferret out the story behind the Olympic Village that so luxuriously housed the world's best athletes during the 1936 Olympics, held in Berlin.

And where Gilbert is most entertaining is in interviewing and introducing us to the members of the Miracle Machine — people like Waldemar Cierpinski, who out of nowhere to snatch a marathon gold medal from United States' Frank Shorter, training himself to peak on the unlikely setting of a snowy hill; or Mario Bemer, a long-haired, bearded, and bearded, who chose the gloves over the lin and went on to win his first Olympic gold medal in bournie, Australia, in 1956. For money. "The Miracle Machine" simply a way of making the coming Moscow Games more interesting, since it puts human faces on what has hitherto been an enormous bore.

Still, Gilbert does make his case for a truly mass sports program. It makes one that Pete Rozelle, Bowie Kupper, O'Brien, the heads of the National Collegiate Athletic Association and the Amateur Athletic Union and the leaders of all the other leading sports organizations in the United States could sit down and agree to cooperate. If they do, according to Gilbert, then August 1980 might be on its way to producing a miracle machine, more important, to improve health and productivity.

Christopher Lehmann-Haupt
the staff of The New York Times

Best Sellers

The New York Times

This list is based on reports from more than 1,400 bookstores throughout the United States. Books on list are best-selling in the category.

FICTION

1. JAILBIRD, by Kurt Vonnegut.
2. TRIPLE, by Ken Follet.
3. THE LAST RENAISSANCE, by Howard Fast.
4. MEMORIES OF ANOTHER DAY, by Harold Robbins.
5. THE EXQUISITE SINNER, by Norman Mailer.
6. SMILEY'S PEOPLE, by John le Carré.
7. THE EXQUISITE SINNER, by Norman Mailer.
8. THE GREEN RIPPER, by John MacDonald.
9. THE DEAD ZONE, by Stephen King.
10. THE TOP OF THE HILL, by Irwin Shaw.
11. THE LAST RENAISSANCE, by Howard Fast.
12. SOPHIE'S CHOICE, by William Styron.
13. THE MATRONS' CIRCLE, by Robert Ludlum.
14. WAR AND REMEMBRANCE, by Leo Tolstoy.
15. THE THIRD WORLD WAR, by John Hackett and other top-ranking NATO advisers and generals.

NONFICTION

1. THE BRETHREN, by Bob Woodward and Scott Armstrong.
2. AUNT ERMA'S COPE, by Robert Ludlum.
3. WHITE HOUSE YEARS, by Henry Kissinger.
4. JAMES HERRIOT'S VETERINARY, by James Herriot.
5. CRUEL SHOES, by Steve Martin.
6. THE COMPLETE SCARS, by Dale Medical Diet, by Horace Tarnover M.D. and Sam Shachar Becker.
7. THE MATRONS' CIRCLE, by Robert Ludlum.
8. THE RIGHT STUFF, by Tom Wolfe.
9. THE COMING BAD YEARS, by Howard Ruff.
10. SEKENTINE, by Thomas Merton.
11. ANATOMY OF AN ILLNESS, by Norman Cousins.
12. CONNECTIONS, by James Burnham.
13. SECOND WIND, by Bill Russell and Taylor Branch.
14. WITH NO APOLOGIES, by Barry Goldwater.
15. RESTORING THE AMERICAN DREAM, by Robert Ringer.

BRIDGE

By Alan Truscott

ON many occasions at the bridge table virtue has to be its own reward. You may bid or play with accuracy or indeed brilliance, only to find that the life of the cards is such that an inferior performance would have scored more points.

A variation of this occurs in team play. One player bids to the best contract and judges skillfully to make it. When he compares scores, however, he discovers that the opposing team reached the wrong contract and found the result to their satisfaction.

On the diagrammed deal, West chose to make a light opening bid of one club and North made a take-out double. South jumped to two spades, showing moderate values and inviting game in spades — an invitation that his partner was happy to accept.

The opening lead of the club king was ruffed in dummy, and the spade king was cashed. Now the spade ten was led, and when East played low, South had to make his first crucial decision.

He could duck as a safety play to guard against the possibility that East held all the remaining trumps, but that would leave him in trouble if West produced a spade honor and led another club.

So South put up the spade ace, with an easy road to 10 tricks if West followed suit. Unfortunately, West discarded a heart and South was in trouble. After thinking for about two minutes, a very long time by his standards, he found the winning play by entering dummy with a diamond lead and finessing the heart ten.

West could have defeated the

NORTH
AK103
Q452
AKQJ6

WEST (D)
AK974
Q732
AK752

EAST
AQJ85
QJ63
1084
QJ82

SOUTH
AK872
K10
Q93
AJ884

Neither side was vulnerable. The

West led the club king.

"BUT IT'S JANUARY, MOM! HOW LONG AM I SPOSED TO BE EXCITED ABOUT MY CHRISTMAS STUFF?"

"Registered as a newspaper at the Post Office"

"Printed in Great Britain"

JPL/cio/LSO

ong Ram Pass eats Cowboys in NFL, 21-19

By William N. Wallace

G. Texas, Jan. 1 (NYT) — A touchdown pass thrown by Ferragamo to Billy Wadsworth in the first half of the game gave the Los Angeles Rams a 21-19 victory over the Dallas Cowboys here Sunday in the National Football League playoff game.

The Rams came into the playoffs as the poorest win-loss record, 9-7, but they were the only team of the 10 qualifying teams to have won a game in the last week of the regular season. The Los Angeles Coliseum, where the game was played, was a sellout.

The Rams' defense was superb. They made three big passes and a fourth that was intercepted. The Dallas coach, Tom Landry, said that was the game.

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On the Ground

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That football rarity, the safety, accounted for the first score, 2 points for Dallas. Ferragamo, attempting to pass, slipped in his end zone and was then quickly downed by a 92-yard touchdown drive.

The match ended with a 32-yard touchdown pass from Ferragamo to Tyler.

nadiens Beat ed Army, 4-2

MONTREAL, Jan. 1 (UPI) — The Montreal Canadiens defeated the touring Soviet Central Army hockey team, 4-2, in the first game of the Red Army, which was the first of the National Hockey League teams, the Islanders and the Rangers, in New York City.

Yvon Lussier scored his first goal at 12:10 for the Canadiens, and again at 12:10 for the Red Army, which was the first of the National Hockey League teams, the Islanders and the Rangers, in New York City.

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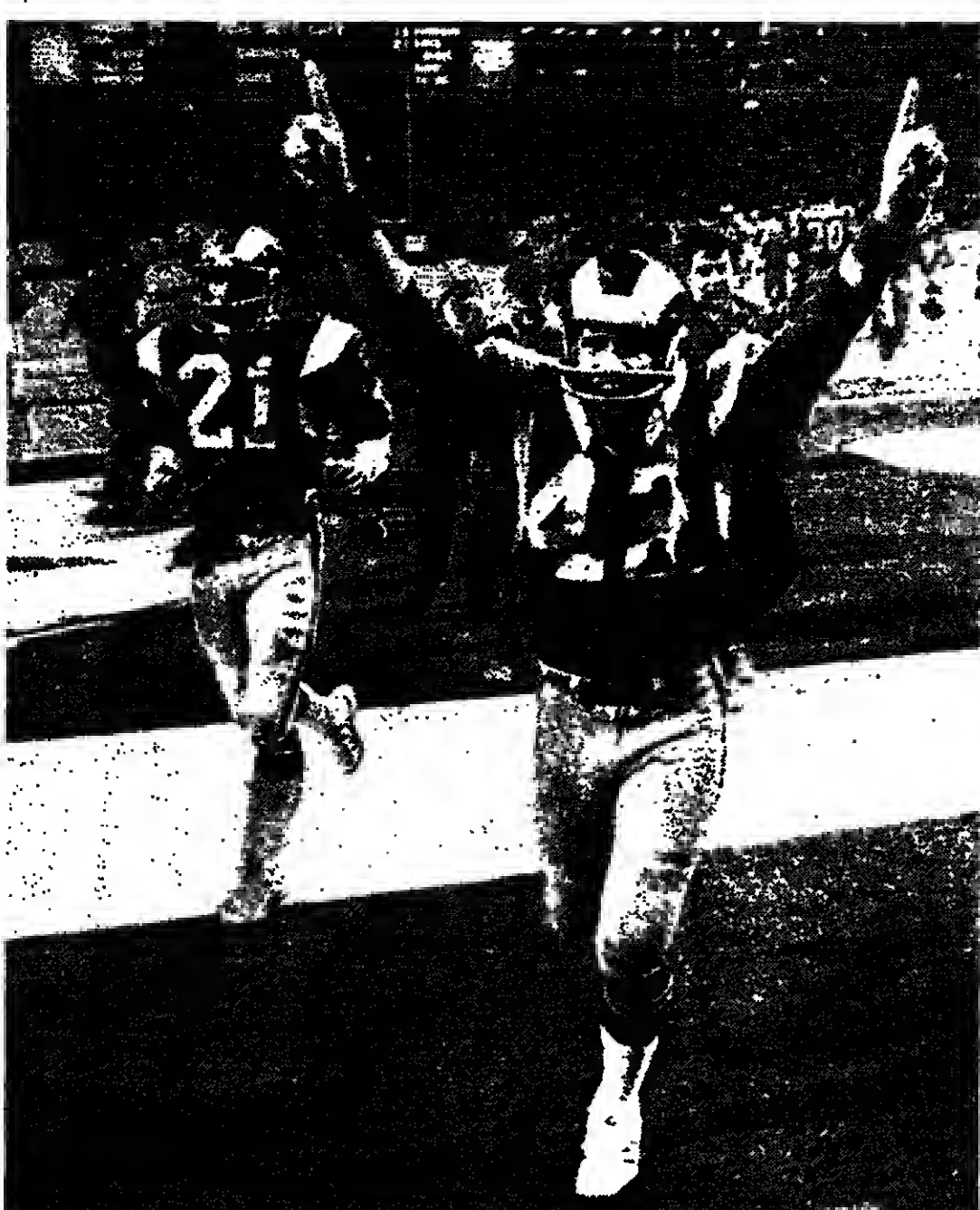
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Dave Elmendorf (No. 42), the Los Angeles Rams' star defensive back, says it all after the National Football League playoff game against the Dallas Cowboys.

College Football Title Up for Grabs Again

By John Feinscrin

PASADENA, Calif., Jan. 1 (UPI) — If this first day of 1980 is anything like the first day of 1979, college football fans will spend the first part of the new year arguing over the same thing they argued about early in the old one: who is No. 1?

If Alabama winds its third consecutive Sugar Bowl by beating Arkansas today, the Crimson Tide will run its winning streak to 21 and finish with a 12-0 record. Naturally, Bear Bryant and company will insist they are national champions.

In all likelihood, the coaches who vote in the UPI poll will give Bryant his way. Alabama is now ranked No. 1 in that poll and will probably stay there if it beats Arkansas.

But the writers who vote in the AP poll decided to make Ohio State (11-0) their top team after the regular season. With the Buckeyes taking on third-ranked Southern California in the Rose Bowl, it is likely that the writers will vote the winner as their No. 1 team.

That would mark a reversal of last season when the writers voted Alabama No. 1 after its Sugar Bowl victory over Penn State while the coaches chose Southern California after it beat Michigan State in the Rose Bowl.

Once again, there is an excellent chance that there will be more than one national champion.

Arkansas (10-1) could solve the problem by upsetting Alabama in the Bluebonnet Bowl.

the Sugar Bowl. That would clear the way for the Ohio State-USC winner to be undisputed national champion. Or would it?

If Florida State (11-0) can upset Oklahoma (10-1) in the Orange Bowl, the Seminoles would undoubtedly claim No. 1. And if Oklahoma wins Florida State, coach Barry Switzer would surely jump in with his claim for the title for Oklahoma.

The only major bowl of the four today in which neither team is in the running for the top spot is the Cotton, even though both Nebraska and Houston have 10-1 records.

The Cornhuskers lost the last game of the regular season to Oklahoma and Houston needed a victory by Texas A&M over Texas just to get into the game. The winner probably won't finish higher than fourth in the final balloting.

Ohio State's coach, Earle Bruce, who in his first season guided a team picked for fourth place in the Big Ten to an undefeated season, says he expects the Rose Bowl winner to be voted No. 1. USC's John Robinson agrees. Meanwhile, Bear Bryant is still growing about the AP vote.

Rose Bowl Turnaround

PASADENA, Jan. 1 (LAT) — Every year it was the same thing, the same confusion getting wiped out in the Rose Bowl, and some of the winners' fans were getting bored. There was talk of letting this contract run out and then signing

to a better match, finding someone to take over.

Now the Pacific 10 has five consecutive victories over the Big 10 and 9 in 10 years, by an average margin of 8 points. Its dominance is such that the Big 10 can come west as Ohio State has, 11-0, ranked No. 1 by the Associated Press, and be a 7-0 point underdog.

That, of course, is partly because the Rose Bowl is a lot more neutral a site for Ohio State than it is for USC; if the game were played in Columbus, USC would probably be favored by a point or two.

Bill Nicholas, chairman of the tournament of Roses football committee, noted recently that there had been some criticism. But he also noted that there were 100,000 requests for tickets and only 3,500 were available for public sale.

It might be a little hard to remember, but for the first 13 years of Big 10 appearances in the Rose Bowl, the situations were reversed. The Big 10 won 12 of those, by an average margin of 16 points. Consequently Big 10 officials have heard one question quite a bit the last 10 years. It is: "Whatever happened to you guys?"

As a result, Big 10 officials have gotten their answers down pat. "I don't think there's been a decline."

That was one thing that the Big 10 commissioner, Wayne Duke, said a couple of days ago in Pasadena. "I don't think the outcome of one bowl game necessarily reflects all the things that happen in a college football season," he said. "Just because we've lost these games, it isn't the death knell for Big 10 football."

"If you're talking about the '60s, there's no question the Big 10's not as dominant."

That was another thing Duke said, but then no one is as dominant as the Big 10 in the 1950s and the early '60s. Between 1940, the second year of the Big 10's existence, and 1969, the last year of the Big 10's existence, the Big 10 won 12 of those, by an average margin of 16 points. Consequently Big 10 officials have heard one question quite a bit the last 10 years. It is: "Whatever happened to you guys?"

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The Soccer Scene Growth Industry in Goals

By Rob Hughes

LONDON, Jan. 1 (IHT) — Art Buchwald would make such a job of this. I'm sorry I got hold of it before him. I don't know if Art has even seen a soccer game. If he had, he'd have spotted it already. I mean, it's so blindingly obvious.

Something's wrong. Maybe it's the size of the goals, or maybe it's the people. Anyway, the reason why we see fewer goals in soccer nowadays is that people have grown an awful lot bigger than they used to be, and goals are still what they were in the last century.

No kidding. Clive Toye says it's true. Clive seriously advocates larger goals (rather than scaled-down people). And Clive's opinions helped in shape the North American Soccer League. A former Fleet Street soccer writer, Toye has been helping build the U.S. soccer dream for 13 years now. He's the man who brought Pele and Franz Beckenbauer to the New York Cosmos.

The man who was once director of administration and information of the NASL.

Today, Toye is president and general manager of the Toronto Blizzard. So when he says we've got it wrong, we ought to listen. Even FIFA, the world ruling body, has printed his call for larger goals.

If the Net Fits

We might consider scaling the size of the net to the shape of the goalkeeper. I was thinking that if you had a giant goalie, then you could give him a double-sized net to guard, and if you had a midget then he could have a little area of responsibility. I was going to put it up to FIFA myself, until I saw on television this weekend what happened at Brighton and Ipswich in the English First Division.

Brighton's opponent was a man called Joe Corrigan. Big Joe, at 6 feet 4 inches and 221½ pounds the best-endowed British keeper, was

beaten four times in the 90 minutes' play at Brighton. Meanwhile, the Ipswich goalkeeper, Paul Cooper (5 feet 9 inches, 150 pounds) was keeping a clean sheet in his team's 1-0 victory over Wolves.

Figures like those don't help a feller's argument. So, like Corrigan, I decided to drop it. Perhaps the NASL will, too, unless it plans to further alienate itself from the way the rest of the world is doing things.

Anyhow, the logical extension of Toye's theme is that if the people have outgrown the size of the goals, then presumably the pitch, too, is too short? And presumably the high hurdles in the Olympics are too low?

The American league, which has persuaded nobody that its 35 yards' offside rule should be copied, is still talking at yet more innovations to bring in the crowds. Suggestions in the air include two-minute pauses for television advertising breaks with free-kicks, a reduction of playing time to 30 minutes each half, and the introduction of more substitutes to guard against a tail-off in a tired team's performance.

Phil Woosnam, the NASL commissioner, and his committee will no doubt resist the further tampering with the rules. The game, just as he resisted New York's threat to both sue him and remove him after he suspended Carlos Alberto, the former Brazilian World Cup captain, before the Cosmos' losing semifinal against Vancouver last fall. Alberto had insulted the referee and then spat over a linesman.

Still in the Seat

Woosnam appears to be still in office. He knows full well that the United States, if it is to make a real go of soccer, must continue to raise the level of play within the international rules, and equally must start to coach the game properly in colleges and schools.

In Europe, too, we are bleating about changing the rules. But I was heartened to hear Ron Greenwood, England's national team manager, say at the weekend that no matter how you tamper with the laws of the game, it is the attitudes of people in the game that will either improve or ruin the entertainment value.

That, of course, is the truth for any walk of life. Soccer's lack of goals is due rather to the teams' coaches organizing heavily manned defenses, and to the fear of defeat, which has been encouraged to outweigh the expectation of victory.

Larger goals might mean bigger scores, but surely the quality would be devalued? More substitutes might improve the pace of the action in the dying minutes, but hasn't fatigue, and the way players cope with that, always been an integral and fascinating aspect of sport?

Birth of an Era

No, America, the way to increase fan interest is not to isolate yourself from the world by rewriting the rule-book, it is to see that the initial policy of hiring predominantly out-of-work English coaches and largely second-rate players was a wrong turning. The same *cui-de-sac* into which England herself turned after winning the 1966 World Cup.

Denis Law, who as a player cut a magnificently acrobatic and instinctive figure in the goalmouth,

laments the era of the coach: the last decade and a half in which the team coach has devised a tactical mold and squeezed players into that. He believes that we must resurrect the oldtime formula of nurturing outstanding and individualistic talents and then, if we must, blending those together in a team plan designed for the available skills, and not the other way around.

The coaching reform, which even such an eminent man as Helmut Schoen of West Germany agrees is desirable, would have to begin way back in schools' soccer, where sportsmasters slavishly emulate the 4-4-2 or 4-3-3 formations they see on television during weekends. And it is there that America, instead of blindly following, instead of seeking to artificially pep up the entertainment, could actually steal a lead on Europe.

Let the children play is the simplest message good coaches give. Teach the basics of individual techniques, encourage unselfish teamwork, but leave the advanced and stifling formations alone.

Finally, rather than enlarging the size of the goals, shorten them in schools' play; teach the boys to score into confined spaces and when they become men the whites of the goalposts will loom as inviting in their eyes as they did a century ago.

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NHL Standings

CAMPBELL CONFERENCE

Team	W	L	T	Pts
Philadelphia	24	10	58	52
Pittsburgh	21	15	54	47
Washington	17	15	54	47
Calgary	15	15	54	47
Edmonton	15	15	54	47

Wales Conference

Team	W	L	T	Pts
Los Angeles	24	10	58	52
San Jose	21	15	54	47
San Francisco	17	15	54	47
Minnesota	15	15	54	47
St. Louis	15	15	54	47

Adams Division

Team	W	L	T	Pts
Montreal	24	10	58	52
Quebec	21	15	54	47
Ottawa	17	15	54	47
Carleton Place	15	15	54	47
St. Catharines	15	15	54	47

Samuel's Results

Team	W	L	T	Pts
Montreal	24	10	58	52
Quebec	21	15	54	47
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